DOCUMENT RESUME

ED 230 696 CE 036 054

TITLE Expanding Employment Opportunities for Disadvantaged Youth. Fifth Annual Report to the President and the Congress. Report No. 9.
INSTITUTION National Commission for Employment Policy (DOL), Washington, D.C.
PUB DATE Dec 79
NOTE 247p.
AVAILABLE FROM Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.
PUB TYPE Information Analyses (070) -- Reports - Descriptive (141)

EDRS PRICE MF01/PC10 Plus Postage.
DESCRIPTORS Adolescents; Adults; *Disadvantaged Youth; Economically Disadvantaged; Educationally Disadvantaged; *Education Work Relationship; *Employment Problems; Employment Programs; *Equal Opportunities (Jobs); Federal Government; Federal Programs; Females; *Government Role; Guidelines; High Schools; Minority Groups; Program Development; School Business Relationship; Unemployment; Young Adults; Youth; *Youth Employment

ABSTRACT

In its fifth annual report for 1979, the National Commission for Employment Policy recommended that the nation make a new commitment to improving the employment prospects of disadvantaged youth. In preparing its findings and recommendations on youth unemployment, the commission received information from the Youth Task Force; academic consultants; public and private agencies; public hearings held in Detroit, Memphis, Philadelphia, and Los Angeles; and the Vice President's Task Force on Youth Employment. The principal findings and recommendations of the commission are the following: (1) while most young people are able to make the transition from school to work without undue difficulty, many, especially minorities, high school dropouts, and low-income persons, face serious difficulties; (2) only through intensive programs, such as the Job Corps, that provide a broad range of services including educational remediation, skill training, and placement can we hope to reverse the cumulative disadvantages that these young people have faced since birth; (3) presently available funds for disadvantaged youth should be used to encourage a closer linkage between schools and local employers; and (4) the Equal Employment Opportunity Commission should encourage employers who are seeking to expand their proportion of minority and female employees by directing them to the youth who complete remedial education and skill training; and (5) the federal government should explore the possibilities of including in contracts commitments from employers to hire job-ready disadvantaged youth. The commission also noted that a sustained high level of general employment is necessary to provide employment for disadvantaged persons and that the country should work to increase employment levels. (KC)

ED230696

Fifth Annual Report
to the President and the Congress of the
National Commission for Employment Policy

Expanding Employment Opportunities for Disadvantaged Youth

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

- This document has been reproduced as received from the person or organization originating it.
- Minor changes have been made to improve reproduction quality.

- Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

CE 036054

Report No. 9

National Commission for Employment Policy
Suite 300, 1522 K Street, N.W.
Washington, D.C. 20005
December 1979

MEMBERS OF THE NATIONAL COMMISSION FOR EMPLOYMENT POLICY

Eli Ginzberg, Chairman: A. Barton Hepburn Professor of Economics and Director, Conservation of Human Resources, Columbia University, New York

Ray Marshall, Secretary of Labor

Patricia Roberts Harris, Secretary of Health, Education and Welfare

Max Cleland, Administrator of Veterans Affairs, Veterans Administration

Eleanor Holmes Norton, Chair, Equal Employment Opportunity Commission

Graciela Olivarez, Director, Community Services Administration

Michael J. Dukakis, Director, Intergovernmental Studies, Kennedy School of Government, Harvard University, Brookline, Massachusetts

Roy R. Escarcega, Senior Vice President, Urban Development Division, The East Los Angeles Community Union, Los Angeles, California

Patsy F. Fryman, Assistant to the President, Communications Workers of America, Fairfax, Virginia

Carol S. Gibson, Director of the Education Division of the National Urban League and Chair of the National Advisory Council on Vocational Education, New York City

George L. Jenkins, Attorney-at-Law, Columbus, Ohio

Sam Lena, Vice Chairman, Pima County Board of Supervisors, Tucson, Arizona

Ruth Love, Superintendent of Schools, Oakland, California

Austin P. Sullivan, Jr., Vice President, General Mills, and Chairman of the Minnesota Governor's Council on Employment and Training, Wayzata, Minnesota

Julius B. Thrower, Admissions Director, S. D. Bishop State Junior College and Vice Chairman, American Association of Minority Veterans Program Administrators, Mobile, Alabama

Isabel V. Sawhill, Director

Contents

Page

Letter of Transmittal to the President
and the Congress of the United States v

Part A — Recommendations 1

I. Executive Summary 3

II. Text of Recommendations 11

Part B — An Assessment of Youth Employment
Policies for the 1980's 25

Preface 27

Chapter 1: Overview 29

Chapter 2: The Nature of the Problem 37

Chapter 3: The Consequences of Youth's
Experience in the Labor Market 67

Chapter 4: Goals and Priorities 75

Chapter 5: Policy Options for the 1980's 83

Chapter 6: Vocational, Career and Compensatory
Education Programs—A Review
of the Experience 109

Chapter 7: Employment and Training Programs
for Youth—A Review of the
Experience 131

Addendum A—Population and Labor Force
Projections 167

Addendum B—Size and Characteristics of the
Low-Income Youth Population . 171

Selected References 177

Part C — Major Commission Activities During 1979 193

4

Part D — Agenda for 1980 and 1981 201

Part E — Appendixes 207

I. Special Reports of the Commission, 1979 209

II. Commission Meetings, 1979 213

III. Field Hearings, 1979 215

IV. Commission Staff, 1979 247

V. Comments of the National Advisory Council on Vocational Education on the Reports of the National Commission for Employment Policy, and the Comments of the National Commission for Employment Policy on the Reports of the National Advisory Council on Vocational Education 249

NATIONAL COMMISSION FOR EMPLOYMENT POLICY
1522 K Street, NW, Suite 300
Washington, D.C. 20005

(202) 724-1545

December 31, 1979

To the President and Congress of the United States:

The attached report on *Expanding Employment Opportunities for Disadvantaged Youth* is the Commission's fifth annual submission under the provisions of Public Law 95-524.

In preparing its findings and recommendations on youth unemployment, the Commission sought and received assistance from a variety of sources, including the work of its Youth Task Force, in-depth analyses prepared by its staff, contributions from academic consultants, inputs from a large number of public and private organizations through public hearings held in Detroit, Memphis, Philadelphia, and Los Angeles, and close collaboration with the staff of the Vice President's Task Force on Youth Employment.

The principal findings and recommendations of the Commission follow:

—While most young people are able to make the transition from school to work without undue difficulty, a substantial number, particularly those who come from families with low-income and minority-group status and who have failed to acquire a high school diploma, face serious difficulties. Unless their educational deficits can be reduced and eliminated, many will not be able to obtain and hold a regular job.

—Only with intensive programs, such as the Job Corps, which provide a broad range of services including educational remediation, skill training, and placement assistance, can we hope to reverse the cumulative disadvantages that these young people have faced since birth.

—The presently available funds for disadvantaged youth should be utilized to encourage a closer linkage between the schools and local employers (via the Private Industry Councils) and additional funding should be made available to states and localities that are able and willing to commit themselves to provide remedial education, including through the establishment and expansion of alternative schooling.

—The Equal Employment Opportunity Commission should encourage employers who are seeking to expand their proportion of minority and female employees to improve their utilization by directing them to the ongoing supply of young people who complete remedial education and skill training. Further, the federal government should explore the potentialities of including in its grants-in-aid programs and contracts an employment requirement that would involve commitment on the part of recipients to hire a percentage of job-ready disadvantaged youth.

The Commission is convinced that a sustained high level of employment is a precondition for reducing the appallingly high unemployment rates among disadvantaged youth and that the Administration and Congress must monitor the ongoing efforts to bring these young people into the mainstream of the American economy and society. Failure to do so would place our democracy in jeopardy. The Commission pledges that it will continue to assist in any and all ways the efforts of the Congress, the Administration, and the American people to accomplish this important national goal.

Eli Ginzberg

ELI GINZBERG
Chairman

Part A

Recommendations

I. Executive Summary

Goals

Given high and rising rates of unemployment, especially among minority youth, and the cumulative deficits which are often produced by growing up in a low-income or minority family and community, the Commission recommends that the nation make a new commitment to improving the employment prospects of disadvantaged youth. More specifically:

- The President and the Congress should identify the employability and employment problems of disadvantaged youth as a domestic issue of critical importance to the future well-being and security of the nation and pledge that the federal government and the nation will devote the resources and efforts necessary to its amelioration.
- While the federal government should take the lead role, state and local governments, business, labor, education, and community-based organizations must undertake substantial responsibility for improving the employment prospects of disadvantaged youth. The local leaders of all of these organizations should make a new commitment to work together on ameliorating the problem, and local employers should be fully involved in helping to plan and implement these efforts.
- Federal resources should be targeted on youth most in need. While there is no simple way to identify this group, those youth most at risk come from low-income families, are members of a minority group, or live in areas with high concentrations of low-income families.

- The major objective of federal education, training, and employment programs for youth should be to improve the long-term employability of these youth; that is, their basic education, work habits, ability to absorb new skills on the job, and other competencies which will permit successful integration into the regular work force.

Elements of A Youth Policy

The Commission believes that any new set of policies should be based on the following set of principles:

- Youth unemployment should be viewed principally as a structural problem and long-term solutions sought. Nevertheless, there is no question that sustained high levels of employment are an important precondition for substantially improving the labor market prospects of disadvantaged youth.

- Remedying the educational deficiencies of disadvantaged youth must be high on the nation's agenda. Without basic literacy skills, youth are unable to take advantage of further education or training and will be permanently consigned to the bottom of the economic and social ladder.

- Our nation should renew its commitment to eliminate racial discrimination and cultural stereotyping in the labor market. In particular, all of our institutions must be involved in creating a new environment of trust and confidence between those who come from different backgrounds so that access to good jobs and treatment on the job are based on performance alone.

- Youth themselves must be more fully involved in improving their own employability and must make greater efforts to meet the performance standards set by our educational and employing institutions. To encourage disadvantaged youth to do so, these performance standards must be clearly articulated and greater rewards for success in meeting them provided at each stage of the employability development process.

- Employment and training programs should be carefully targeted to provide second chance opportunities to those youth, who for reasons of family background, poor schooling, or race, are likely to be permanently handicapped in the labor market. These programs should be restructured, where necessary, so as to have a cumulative impact on the long-term employability of participants.

- There must be a new emphasis on moving those disadvantaged youth who are ready into unsubsidized private and public sector jobs. While sheltered experiences may be appropriate at various stages in their development, the ultimate goal should be to create opportunities for them in the regular labor market. The federal government should consider using a variety of expenditure, tax, and regulatory powers to achieve this objective.

Specific Recommendations

The specific recommendations which the Commission believes would implement these principles follow:

To provide ~~adequate job~~ opportunities:

(1) In the event that the unemployment rate rises substantially, that is to 7 percent or higher, and more particularly if it stays at such a high level for a sustained period, Congress should expand funding for priority national goals such as energy conservation. In so doing it should stipulate that private firms which obtain contracts to further these goals must hire a percentage of disadvantaged youth and adults who are designated by the Job Service or by CETA prime sponsors as being ready to work.

To ~~improve~~ basic educational competencies:

(2) The President ~~and the Congress~~ should support new funding for compensatory education in the secondary schools. These funds should be used to improve the basic skills of young people from disadvantaged backgrounds, through well-funded, intensive programs involving special tutorial efforts, extra after-school sessions, alternative schooling opportunities, compensatory education linked to occupational training, and in-service training for teachers.

The effectiveness of Title I of the Elementary and Secondary Education Act in the elementary schools must not be jeopardized by a reduction in funding at this level. What is needed is a comparable program at the junior and senior high levels (a) to sustain the positive effects achieved at the elementary level and (b) to provide a second chance for those not adequately served at the elementary level.

(3) To encourage a partnership with other local institutions, a portion of the new compensatory education funds recommended in (2) should be set aside for allocation on the basis of close consultation between the schools and CETA. This would be comparable to the 22 percent set-aside under the Youth Employment and Training Program which should continue to be allocated on the basis of such consultation. The new set-aside would encourage additional joint efforts on behalf of CETA-eligible youth and might lead to the development of more alternative schooling opportunities.

(4) The Secretary of Education should be provided with special funding to collect, integrate and disseminate information about exemplary programs, such as the adopt-a-school programs in Oakland, Baltimore, and Dallas. While schools must retain flexibility to deal with local conditions, what has been learned about effective ways of motivating and assisting disadvantaged youth to acquire the basic skills should be mobilized to promote wider sharing and adoption of the successful models.

To broaden opportunities for minority and female youth:

(5) The EEOC should encourage companies with overall low minority and/or female utilization to improve their utilization by hiring job-ready youth from inner city schools or those trained through CETA programs.

(6) Education, vocational education, and CETA programs should be implemented in ways that will broaden the occupational opportunities of young women from disadvantaged backgrounds.

(7) Teenage mothers should be treated as a high priority group in both WIN and CETA and their child care and income needs should be fully met, with no diminution of support under AFDC when they participate in an education or training program.

To link performance to rewards:

(8) ✓ Schools and prime sponsors should be encouraged or required to establish local performance standards and disadvantaged youth who achieve the standards should be rewarded with entrance into a more generously stipended program or with a job opportunity. Those who fail to meet the standards should be given second chance opportunities, whenever possible.

(9) ✓ Prime sponsors should encourage the Private Industry Councils to obtain specifications from employers about the criteria they use in hiring young people, and, to the greatest extent possible, secure commitments from them that young people who meet their requirements will have a job opening when they leave school or a training program.

To improve employment and training programs:

(10) The Administration should request, and Congress should enact, a consolidated youth title under the Comprehensive Employment and Training Act, the principal goal of which should be to improve the employability of economically-disadvantaged youth ages 16 through 21.

(11) The Department of Labor should encourage CETA prime sponsors to invest substantial funds in remedial programs for the most disadvantaged, even if this increases costs per individual and results in a smaller number being served.

(12) The Job Corps should be maintained as a separate program, and once current enrollment limits are reached, the program should be further expanded.

(13) The Congress should designate the eligible population under the new consolidated youth title as all youth from families in which income was at or below 70 percent of the Bureau of Labor Statistics lower living standard.

(14) Prime sponsors should be permitted to utilize up to 20 percent of their funds under the youth title to assist youth who do not meet the income requirement but nevertheless face substantial barriers to employment.

(15) The majority of the funds for the consolidated youth title should be distributed by formula to local prime sponsors.

However, a sizeable portion should be set aside for supplemental grants to areas with high concentrations of low-income families and another portion should be reserved to the Secretary of Labor to reward superior performance or to fund innovative programs, particularly those of an interdepartmental nature.

(16) Congress should provide for forward funding, a five-year authorization and additional emphasis on staff development under the new youth title.

To move disadvantaged youth into regular jobs:

(17) Short-term, subsidized work experiences in the private sector should be permitted under CETA with safeguards to insure that employers do not misuse the program and that the youth are provided with a carefully structured and supervised learning experience or training opportunity.

(18) The President, with advice from the Office of Personnel Management, should consider making youth, who have successfully completed a CETA program involving experience in a federal agency, eligible for conversion to entry level positions in the career service on a noncompetitive basis.

(19) The President should direct the Secretary of Defense to review the experience of Project 100,000 during the late 1960's which was successful in recruiting and providing special training for 246,000 young men who did not meet the regular qualifications.

(20) When the various pieces of legislation that authorize grants-in-aid are being considered for adoption or renewal, the Administration and the Congress should consider writing in provisions that would encourage or require that the grant recipients employ a specified percentage of disadvantaged youth who are referred to them as job ready by either the Job Service or the CETA prime sponsor.

(21) The President should direct the Office of Management and Budget, with the assistance of other appropriate agencies, to determine whether and how the procurement process might be modified so that there would be new incentives for employers to hire structurally-unemployed adults and disadvantaged youth.

Finally, to insure long-term cumulative progress in improving the employment prospects of disadvantaged youth, the Commission recommends that:

(22) Congress should review annually the extent to which the gross discrepancies in the employment to population ratios and the unemployment rates for minority youth relative to white youth and adults are narrowed as a result of implementing the foregoing recommendations. In the absence of substantial and continuing progress in narrowing the gaps, the Administration and the Congress should seek to fashion revised and new programs which hold greater potential to ameliorate the present intolerable situation where our society has no regular job opportunities for many young people who come of working age.

II. Text of Recommendations

A. A National Commitment to Disadvantaged Youth

While unemployment rates for youth are very high, most youth make the transition from school to work without serious problems. In fact, among white youth, the proportion successfully entering the labor market over the past decade has increased. Among minority youth, on the other hand, there has been a marked decline in the proportion both seeking and finding work. The consequences of not attending to this situation are serious and include crime, alienation, and reduced social mobility as well as lower incomes and lost output.

Past efforts to deal with the labor market problems of disadvantaged youth have tended to stress the provision of jobs and have not fully come to grips with the cumulative deficits produced by growing up in a low-income minority family and community. Enhancing the employment prospects of these youth can be achieved only if schools, community-based organizations, training institutions, and the job market are more effectively involved in joint efforts to overcome the legacy of poverty and racial discrimination.

Given the seriousness of the problem and the nature of the deficits which must be overcome, the Commission believes that:

- The President and the Congress should identify the employability and employment problems of disadvantaged youth as a domestic issue of critical importance to the future well-being and security of the nation and pledge that the federal government and the nation will devote the resources and efforts necessary to its amelioration.

- While the federal government should take the lead role, state and local governments, business, labor, education, and community-based organizations must undertake substantial responsibility for improving the employment prospects of disadvantaged youth. The local leaders of all these organizations should make a new commitment to work together on ameliorating the problem, and local employers should be fully involved in helping to plan and implement these efforts.

- Federal resources should be targeted on youth most in need. While there is no simple way to identify this group, those youth most at risk come from low-income families, are members of a minority group, or live in areas with high concentrations of low-income families.
- The major objective of federal education, training, and employment programs for youth should be to improve the long-term employability of these youth, that is, their basic education, work habits, ability to absorb new skills on the job, and other competencies which will permit successful integration into the regular work force.

B. Elements of A Youth Policy

The reasons that disadvantaged youth have problems in the labor market are many and these reasons interact. Based on the Commission staff's analysis, the most important causes of their joblessness appear to be the inability of the economy to absorb all those who want to work combined with educational handicaps and discrimination which put disadvantaged, and especially minority, youth at the end of the hiring queue, regardless of the state of the economy. The lack of sufficient job opportunities for these youth, or of opportunities for upward mobility consistent with their aspirations, has produced a situation in which many of our youth no longer strive for excellence in the classroom or the workplace. Employers, for their part, have turned to other sources of labor, leaving subsidized work experience programs in the public sector as the dominant source of employment for minority youth. While these programs provide income and job opportunities which would not otherwise exist, they appear to have few long-term benefits and a limited ability to integrate youth into the regular labor market.

Based on these findings, the Commission believes that any new set of policies should be based on the following set of principles:

- Youth unemployment should be viewed principally as a structural problem and long-term solutions sought. Nevertheless, there is no question that sustained high levels of employment are an important precondition for substantially improving the labor market prospects of disadvantaged youth.

- Remedying the educational deficiencies of disadvantaged youth must be high on the nation's agenda. Without basic literacy skills, youth are unable to take advantage of further education or training and will be permanently consigned to the bottom of the economic and social ladder.
- Our nation should renew its commitment to eliminate racial discrimination and cultural stereotyping in the labor market. In particular, all of our institutions must be involved in creating a new environment of trust and confidence between those who come from different backgrounds so that access to good jobs and treatment on the job are based on performance alone.
- Youth themselves must be more fully involved in improving their own employability and must make greater efforts to meet the performance standards set by our educational and employing institutions. To encourage disadvantaged youth to do so, these performance standards must be clearly articulated and greater rewards for success in meeting them provided at each stage of the employability development process.
- Employment and training programs should be carefully targeted to provide second chance opportunities to those youth, who for reasons of family background, poor schooling, or race, are likely to be permanently handicapped in the labor market. These programs should be restructured, where necessary, so as to have a cumulative impact on the long-term employability of participants.
- There must be a new emphasis on moving those disadvantaged youth who are ready into unsubsidized private and public sector jobs. While sheltered experiences may be appropriate at various stages in their development, the ultimate goal should be to create opportunities for them in the regular labor market. The federal government should consider using a variety of expenditure, tax, and regulatory powers to achieve this objective.

In the sections that follow, the Commission provides a number of more specific recommendations which it feels would further these objectives.

C. Adequate Job Opportunities

The Commission believes that the employment problems of disadvantaged youth will be severe no matter what the state of the economy and most of its recommendations are directed to needed structural changes for the longer-term. Nevertheless, it is concerned about the possible impact of a recession on the employment prospects of youth. The evidence is clear that youth employment, and especially minority youth employment, is even more sensitive to the business cycle than adult employment. Moreover, in periods of economic slack, other measures will simply reallocate existing opportunities and will be strongly resisted for this reason. Thus, the Commission recommends that:

(1) In the event that the unemployment rate rises substantially, that is to 7 percent or higher, and more particularly if it stays at such a high level for a sustained period, Congress should expand funding for priority national goals such as energy conservation. In so doing it should stipulate that private firms which obtain contracts to further these goals must hire a percentage of disadvantaged youth and adults who are designated by the Job Service or by CETA prime sponsors as being ready to work.

D. New Directions for Educational Policies

Mastery of basic reading, writing, and computational skills is a prerequisite for other kinds of training, including on-the-job training, with the result that these skills are almost universally demanded by employers. High school dropouts, who are disproportionately black and Hispanic, face a significantly higher probability of becoming unemployed than do high school graduates. Even among those who graduate from high school, especially from inner city schools, the acquisition of basic skills is likely to be deficient. Any serious strategy for improving the labor market prospects of disadvantaged youth must put major emphasis on closing the basic skills gap. If this gap is not closed, the employment prospects of these youth will worsen as unskilled jobs in industry or agriculture continue to decline as a proportion of total job opportunities.

The federal government has made a strong commitment toward providing funds for low-income students who wish to go on to college or other post-secondary training. An equally strong commitment must be made to provide funds for remedial programs to serve low-income youth who are not college-bound but who lack the basic skills.

The schools have been, and should continue to be, the primary institution for providing these basic skills. However, it is critical that a partnership with employers and employment and training programs be forged so that disadvantaged youth will have more learning opportunities outside of the regular classroom and greater motivation to acquire the basic skills. Accordingly, the Commission makes the following recommendations:

(2) The President and the Congress should support new funding for compensatory education in the secondary schools. These funds should be used to improve the basic skills of young people from disadvantaged backgrounds, through well-funded, intensive programs involving special tutorial efforts, extra after-school sessions, alternative schooling opportunities, compensatory education linked to occupational training, and in-service training for teachers. The effectiveness of Title I of the Elementary and Secondary Education Act in the elementary schools must not be jeopardized by a reduction in funding at this level. What is needed is a comparable program at the junior and senior high levels (a) to sustain the positive effects achieved at the elementary level and (b) to provide a second chance for those not adequately served at the elementary level.

(3) To encourage a partnership with other local institutions, a portion of the new compensatory education funds recommended in (2) should be set-aside for allocation on the basis of close consultation between the schools and CETA. This would be comparable to the 22 percent set-aside under the Youth Employment and Training Program which should continue to be allocated on the basis of such consultation. The new set-aside would encourage additional joint efforts on behalf of CETA-eligible youth and might lead to the development of more alternative schooling opportunities.

(4) The Secretary of Education should be provided with special funding to collect, integrate and disseminate information about exemplary programs, such as the adopt-a-school programs in Oakland, Baltimore, and Dallas. While schools must retain flexibility to deal with local conditions, what has

been learned about effective ways of motivating and assisting disadvantaged youth to acquire the basic skills should be mobilized to promote wider sharing and adoption of the successful models.

E. Broadening Opportunities for Minority and Female Youth

The policy of the Equal Employment Opportunity Commission (EEOC) to identify patterns of systemic discrimination against minorities and women and to encourage employers to voluntarily pursue remedial actions that will bring them into compliance with Title VII of the Civil Rights Act of 1964 provides a significant opportunity to increase the number and proportion of minority and female youth who can be placed into regular jobs. The EEOC is in a position to identify by prime sponsor area those employers whose work forces are not representative of the local labor force.

Accordingly, the Commission recommends that:

(5) The EEOC should encourage companies with overall low minority and/or female utilization to improve their utilization by hiring job-ready youth from inner city schools or those trained through CETA programs.

Improving the employability of disadvantaged young women, the vast majority of whom are going to have family support responsibilities at some point in their lives, requires opening up to them a wider range of occupational choices than those that most working women currently have. All youth-oriented labor market policies have a potential impact—for better or worse—on future patterns of occupational segregation which currently confine women, and especially minority women, to the lowest paid jobs.

Within the group of disadvantaged young women, teenage mothers have special needs. They not only need income support but also require money for child care services while completing their schooling or training in order to obtain the requisite skills which will enable them to earn an income equal to or above that available to them as welfare recipients.

It is with these needs in mind that the Commission recommends that:

(6) Education, vocational education, and CETA programs should be implemented in ways that will broaden the occu-

pational opportunities of young women from disadvantaged backgrounds.

(7) Teenage mothers should be treated as a high priority group in both WIN and CETA and their child care and income needs should be fully met, with no diminution of support under AFDC when they participate in an education or training program.

F. Linking Performance to Rewards

Too often, both in our schools and our employment and training programs, performance standards have not been established or maintained. The result is that graduation from high school or completion of a CETA program have had less value in helping young people obtain jobs than would be the case if employers had confidence in these credentials and were willing to commit jobs based on them. This lack of standards is one reason why disadvantaged youth themselves have had little incentitive to succeed. They need to be convinced that if they take steps to improve their competencies these efforts will be appropriately rewarded in the labor market. Unless they are motivated to improve their own educational competencies or employability, the chances that such programs can be successful are slim. Therefore, the Commission recommends that:

(8) Schools and prime sponsors should be encouraged or required to establish local performance standards and disadvantaged youth who achieve the standards should be rewarded with entrance into a more generously stipended program or with a job opportunity. Those who fail to meet the standards should be given second chance opportunities, whenever possible.

(9) Prime sponsors should encourage the Private Industry Councils to obtain specifications from employers about the criteria they use in hiring young people, and, to the greatest extent possible, secure commitments from them that young people who meet their requirements will have a job opening when they leave school or a training program.

G. New Directions for Youth Employment And Training Programs

The Youth Employment and Demonstration Projects Act of 1977 was designed to promote a reassessment and redirection of youth employment programs. Through a variety of new program initiatives and a large-scale research and demonstration effort, much has been learned about what works best for whom, and the relationships between schools, employment and training programs, and the private sector have been explored and fostered.

While the results of these efforts are not complete, the Commission believes enough information is available to recommend that:

(10) The Administration should request, and Congress should enact, a consolidated youth title under the Comprehensive Employment and Training Act, the principal goal of which should be to improve the employability of economically disadvantaged youth ages 16 through 21.

The Commission has been reluctant to support separate programs for separate groups under CETA. However, the severity of the employment problems for disadvantaged youth and the importance of establishing collaboration with the school system in serving this age group convinces us that a separate title is needed at this time.

The Youth Title should provide for a new comprehensive program which would replace the Youth Employment and Training Program (YETP), the Youth Community Conservation and Improvement Program (YCCIP), and the Summer Youth Employment Program (SYEP). The present level of funding for these programs must be at least maintained if the desired results of consolidation are to be realized.

Because of severe deprivation, disadvantaged young people need access to a wide range of services including remedial education, skill training, work experience and knowledge of how to look for and get a job. For this reason, the Commission rejects prescribing approaches under the new youth title. However, for youth in need of comprehensive remediation, programs must be of sufficient quality and duration to make a contribution to the youth's employability. Therefore, the Commission recommends that:

(11) The Department of Labor should encourage CETA prime sponsors to invest substantial funds in remedial programs for the most disadvantaged, even if this increases costs per individual and results in a smaller number being served.

One of the most successful employment and training programs is the Job Corps, which provides comprehensive services in residential centers to the most seriously disadvantaged youth. Because of its demonstrated record of success in recent years, the Commission recommends that:

(12) The Job Corps should be maintained as a separate program, and once current enrollment limits are reached, the program should be further expanded.

Youth from economically disadvantaged backgrounds are more likely than other youth to be in need of employment and employability development assistance. It is especially important to reach this group—half of whom are nonwhite or Hispanic—at an early age. Accordingly, the Commission recommends that:

(13) The Congress should designate the eligible population under the new consolidated youth title as all youth from families in which income was at or below 70 percent of the Bureau of Labor Statistics lower living standard.

This recommendation reconfirms the position taken by the Commission in its *Third Annual Report* that a single set of basic eligibility requirements be used throughout CETA and that youth programs be income-conditioned under the same definitions of income that prevail in other parts of CETA.

To this the Commission would add one variation. The Commission's Youth Task Force heard testimony at its field hearings that a strict income limit may unnecessarily penalize youth from families with incomes slightly above the limit, youth from working poor families and others who are greatly in need of help to succeed in the labor market. Therefore, the Commission recommends that:

(14) Prime sponsors should be permitted to utilize up to 20% of their funds under the youth title to assist youth who do not meet the income requirement but nevertheless face substantial barriers to employment.

Whether the purposes of a youth title can be achieved and youth most in need served depends on the way in which funds are allocated. If there is poor articulation between the distribution of the population most in need and the distribution of available funds, the employment problems of disadvantaged youth will persist. Moreover, the Commission believes that intensive targeting on areas where there are concentrations of low-income families is needed. Finally, sufficient funds should be reserved to the Secretary of Labor to provide incentives for innovation, coordination and exemplary performance.

Accordingly, the Commission recommends that:

(15) The majority of the funds for the consolidated youth title should be distributed by formula to local prime sponsors. However, a sizeable portion should be set aside for supplemental grants to areas with high concentrations of low-income families and another portion should be reserved to the Secretary of Labor to reward superior performance or to fund innovative programs, particularly those of an interdepartmental nature.

Under the Youth Employment and Demonstrations Projects Act, the Secretary of Labor was granted a significant amount of money for research and demonstration. In its *Third Annual Report*, the Commission noted that it recognized the value of such programs, but stated that once these programs have operated long enough to be assessed, the successful ones should be folded into general allocations to the prime sponsors. Now that this large scale effort has been undertaken, the Commission recommends that research and demonstration money under the youth title be reduced. There are, however, two projects the Commission would like the Secretary to pursue under recommendation (15) above. In collaboration with the Secretaries of Education, Commerce, Housing and Urban Development, Health and Human Services, and the Administrator of the Community Services Administration, the Secretary of Labor should support efforts aimed at utilizing funds from various agencies on joint programs and services to improve employability preparation for young people, and to enhance community economic development, particularly in the nation's cities and counties with the largest concentrations of disadvantaged youth. Efforts should be taken to disseminate the findings from the more successful efforts and to modify departmentally-funded programs to reflect the new findings. Second, while all prime sponsors should be expected to achieve their prescribed performance goals, the Secretary should establish an incentive program to reward prime sponsors who do an exceptionally good job at meeting their performance standards.

Crucial to the effective operation of youth employment programs is adequate planning and implementation time, a stable funding and programs environment, and dedicated, experienced staff. To accomplish these objectives and promote more effective cooperation among local educational, training and employer communities, the Commission recommends that:

(16) Congress should provide for forward funding, a five-year authorization and additional emphasis on staff development under the new youth title.

It should be noted that the major federal education programs already have these components.

H. Moving Disadvantaged Youth into Regular Jobs

Federal employment and training programs have failed in the past to adequately involve the private sector in the employability development process. The Youth Employment and Demonstration Projects Act contained several new experiments to encourage the private sector to participate more actively in training and employing young people with labor market handicaps, including up to 100 percent subsidy of their wages. In addition, the Private Industry Councils created under Title VII of CETA have been encouraged to undertake a number of activities to improve the employability of youth. Private Industry Councils, by virtue of their independence and the community standing and experience of their members, are in a unique position to contribute to improving the employability development of youth by insuring that it is related to the skills employers seek and by opening up opportunities for training and later employment in the private sector. Finally, the Targeted Jobs Tax Credit, passed as part of the Revenue Act of 1978, provides incentives for employers to hire disadvantaged youth between the ages of 18 and 24.

The Commission has earlier supported all of these initiatives for integrating youth more effectively into the private sector, and believes that such efforts should be carefully monitored and wherever possible expanded. In particular, the current prohibition against private sector work experience under CETA is depriving youth of opportunities to learn more readily transferable skills, to be exposed to a wider variety of work settings, and to acquire valuable contacts and references for future employment. In addition, such experiences could help to break down the resistance of many employers to hiring youth from disadvantaged minority communities. Accordingly, the Commission recommends that:

(17) Short-term subsidized work experiences in the private sector should be permitted under CETA with safeguards to insure that employers do not misuse the program and that the youth are provided with a carefully structured and supervised learning experience or training opportunity.

While the above efforts to integrate youth into the regular job market are important, they by no means exhaust the leverage of the federal government since the latter accounts, directly or indirectly through its grants to other levels of government and to private contractors, for a substantial proportion of all employment.

With a civilian workforce of 2.8 million and a uniformed military force of 2.1 million, the federal government is the nation's largest employer. Since it believes that the federal government should take the lead in providing opportunities for disadvantaged youth, the Commission recommends that:

(18) The President, with advice from the Office of Personnel Management, should consider making youth, who have successfully completed a CETA program involving experience in a federal agency, eligible for conversion to entry level positions in the career service on a noncompetitive basis.

(19) The President should direct the Secretary of Defense to review the experience of Project 100,000 during the late 1960's which was successful in recruiting and providing special training for 246,000 young men who did not meet the regular qualifications.

Federal grants-in-aid to state and local governments are now in the range of $80 billion per year. While a substantial portion of the grant-in-aid funds are used to provide services or benefits to individuals, such as grants for medicaid and income security payments, many of the grants sustain or generate employment. Some movement toward targeting a portion of the employment generated by grant funds has taken place in the recent past. Mandatory approaches were proposed in the Labor Intensive Public Works Act of 1978, and voluntary approaches in the National Public Works and Economic Development Act of 1979. Serious consideration is also being given to the possible use of administrative requirements and incentives to accomplish employment objectives.

The Commission believes these efforts should be extended and recommends that:

(20) When the various pieces of legislation that authorize grants-in-aid are being considered for adoption or renewal, the Administration and the Congress should consider writing in provisions that would encourage or require that the grant recipients employ a specified percentage of disadvantaged youth who are referred to them as job ready by either the Job Service or the CETA prime sponsor.

During fiscal year 1978 the government spent some $95.6 billion through contracts for supplies and equipment, research and development, and construction and other services. About 35 million workers are covered by federal contract compliance regulations under Executive Order 11246. Although the contract procurement mechanism has long been considered a potentially fruitful area for pursuing a targeted employment objective, relatively little is known about the range of employment that is generated through the procurement process. The Commission believes that, as a result of the establishment of a Federal Procurement Data Center under OMB's Office of Federal Procurement Policy, it is now possible to begin to collect data that will help to illuminate the question of whether procurement policy should be used to pursue targeted employment goals. Thus, the Commission recommends that:

(21) The President should direct the Office of Management and Budget, with the assistance of other appropriate agencies, to determine whether and how the procurement process might be modified so that there would be new incentives for employers to hire structurally unemployed adults and disadvantaged youth.

I. Monitoring Progress

It will not be possible to eliminate the employment problems of disadvantaged youth quickly or cheaply, and the Commission believes that the nation will need to make a sustained commitment over many years if real progress is to occur. This progress must be monitored and changes in programs implemented as more knowledge becomes available. For these reasons, the Commission recommends that:

(22) Congress should review annually the extent to which the gross discrepancies in the employment to population ratios and the unemployment rates for minority youth relative to white youth and adults are narrowed as a result of implementing the foregoing recommendations. In the absence of substantial and continuing progress in narrowing the gaps, the Administration and the Congress should seek to fashion revised and new programs which hold greater potential to ameliorate the present intolerable situation where our society has no regular job opportunities for many young people who come of working age.

Part B

An Assessment of Youth Employment Policies for the 1980's

Preface

This staff report was prepared for the members of the National Commission for Employment Policy as part of their review of youth employment policies. The report was written under the overall direction of Ralph Smith and Isabel Sawhill with major contributions from Carol Jusenius (Chapters 2 and 3), Patricia Brenner (Chapter 6), and Patrick O'Keefe (Chapter 7). The other people who assisted in its preparation are too numerous to mention but we want to particularly thank Deloris Norris and Margaret Corsey for their efforts in typing and retyping the manuscript and Janet Walker for her research assistance.

ISABEL V. SAWHILL
Director

Chapter I: Overview

Over the past year, the National Commission for Employment Policy conducted an extensive review and reassessment of youth labor market policies. This review was based on information gathered from: field hearings conducted by the Commission in four cities in May and June 1979; several meetings and seminars with experts and practitioners; the background papers and deliberations of a national conference on youth employment in August 1979, cosponsored by the American Assembly and the Commission; and several research projects sponsored by the Commission. Three topics were examined:

—the dimensions, causes and consequences of youth labor market **problems;**

—the goals, priorities, and options for public **policies** to reduce these problems; and

—the lessons from past **program experiences.**

One recurrent theme in this report is the lack of definitive answers to some very basic questions. After years of research on youth labor market problems, one would think that there would be some agreement, for example, on why youth joblessness is high and why minority youth joblessness is even higher. After years of experience in operating education, employment, and training programs, one would have hoped for a better understanding of what works best for whom. This overview is written without many of the usual caveats about the "need for further research." But the reader is forewarned that the next generation of youth labor market policies will have to be developed with incomplete and uncertain understanding of what it is that will really help. One solid lesson from our past experiences is that one needs to be cautious about expecting too much from whatever policies are developed.

A. Youth Labor Market Problems

The report opens with a review of the dimensions, causes, and consequences of youth labor market problems. Chapters 2 and 3 emphasize that the high unemployment rates of youth are only one aspect of the problem. A more complete picture is obtained by examining employment rates, wages, occupations, and the patterns of progress, or lack of progress, which occur as youth age. Non-labor market activities such as schooling and military service are also important, both as an explanation of what youth who are out of the labor market are doing and as additional signs of whether they are on paths that will lead to successful adult careers.

The majority of people go through their teenage and young adult years (ages 16 through 24) without serious problems. Their early labor market encounters may involve unemployment and almost certainly involve very low wages, relative to what they will earn later on, but by the end of the period they have made a successful transition to normal adult work roles.

Those who do less well are the subject of most of this report. Along some continuum of need, the odds of making a less-than-successful transition are increased greatly if one is from an economically-disadvantaged family or is a member of a group that has been subject to widespread discrimination. Black and Hispanic youth still have unemployment rates much higher than those of white youth and a far smaller proportion of each of these groups is employed; indeed, along both dimensions the position of black youth has been deteriorating. This is not to deny the progress that has occurred: the black youth who do have jobs are earning wages which are much closer to those of white youth than was true even a decade ago.

Another group that faces substantial discrimination in the labor market is young women. The main problem for this group is occupational segregation: women start out with somewhat higher unemployment rates and lower wage rates than men of the same age, but in very different occupations; this is an important factor in the widening of the earnings gap that comes at later ages.

The reasons why some youth are especially likely to have problems in the labor market can be put into three categories: those associated with a lack of jobs; those that relate to the characteristics of youth themselves; and those that involve the mechanisms through which young job seekers are matched with job vacancies. These causes interact, but it is useful, especially in developing policy, to attempt to distinguish among them.

Youth employment, especially minority youth employment, is particularly sensitive to the state of the economy; in a recession, their employment losses tend to be relatively greater than those incurred by older workers. But even in a period of strong demand, employers tend to place youth toward the back of the hiring queue. Legal and social floors on wage rates, as well as youth's own preferences, limit the degree to which youth can move ahead in the queue by offering to work for lower wages. An additional reason for their unfavorable position in the hiring queue is discrimination which is especially acute among minority youth. Another factor that contributes to youth unemployment is a growing imbalance between the types of jobs that employers need to fill and the qualifications of youth. Finally, the huge growth in the size of the youth labor force in recent years and, to a lesser extent, the growth in the number of women and undocumented workers, has also increased the competition for jobs.

Not all of the problem can be blamed on a lack of jobs. Whatever the number of available opportunities, youth would be in a better position to compete for them if they were better prepared for work. Their chances of success are reduced by a lack of basic reading, writing, and mathematical skills; poor credentials (e.g., lack of a high school diploma); unwillingness to accept the kinds of jobs for which they qualify; lack of initiative; and poor attitudes. Employers look to educational attainment and previous work experience as indicators of whether a job candidate will succeed. Minorty youth, despite considerable progress in recent years, still are behind other youth in educational attainment, basic skills, and experience. Also, some are reluctant to take certain kinds of entry-level jobs for fear that they will never break out of that market; the experience of their parents provides a basis for these fears.

Finally, lack of knowledge of the world of work, how to look for work, and how to conduct oneself in a job interview are serious impediments for some youth. For youth whose families and friends do not participate in good job networks, finding work can be particularly difficult. One indicator of this is the substantially lower fraction of black than of white youth that move directly into a job without any intervening unemployment, a factor that has contributed to the widening gap in their unemployment rates during the past decade.

While youth unemployment is high, there is a substantial drop in the unemployment rates of every race-sex group as they age, causing many to question the seriousness of the problem. Apart from the lost earnings and output that result when young people are out of work, why should society be especially concerned? Some of the answers are provided in Chapter 3, which examines the impact of early labor market experiences on later success in the labor market, on attitudes, and on crime and early childbearing. While it is difficult to disentangle causality, there is growing evidence that nonemployment in the initial period after leaving school is an important cause of lower earnings as an adult—even after taking into account individual characteristics that may have contributed to both. The adverse psychological consequences appear to include loss of self-confidence and lowered aspirations. A link between poor job prospects and the decision to participate in criminal activities also appears to exist, although the evidence is less well-developed in this case. Finally, there may be a link between poor labor market prospects and very early childbearing. If this link exists, it becomes all the more important to reduce unemployment, especially among young women, since teenage parenthood quite clearly leads to poverty, welfare dependency, and impaired life chances for these families.

B. Policy Development

Any new set of youth labor market policies should be based on a clear understanding of what it is that we are trying to accomplish and for whom. Once the goals and priorities are established, then the strategies for achieving the goals and the design of effective programs to implement the strategies can be considered. But without well-defined goals, it is difficult to tell whether a program is even working. Chapter 4 addresses three issues: the goals of youth labor market policies, the priority that should be given to youth relative to adults, and the criteria that should be used to determine which youth should receive assistance.

Two fundamental policy goals are suggested as relevant: the first is to provide immediate employment; the second is to provide experiences that will improve long-term employability. Present employment and training programs for youth largely emphasize the former, while education programs tend to emphasize the latter. The appropriate balance between the two goals will depend partly on the age and situation of the individual being served, but normally the focus should be on employability for the youngest age group with employment taking on increasing importance with age. In addition, a more gradual transition between education and work might be desirable.

Given limited resources, difficult decisions about who should be given priority in any new programs will need to be made. Young people are not the only ones who can benefit from labor market assistance and, among youth, there are likely to be many more with a reasonable claim that can be served. In a life cycle perspective, the choice is between helping tomorrow's adults now or waiting for them to age. In pursuing the employment goal, a case can be made for waiting, given the generally greater family responsibilities and productivity of older workers; however, the long-term consequences of not providing employment to jobless youth may argue in the other direction. In pursuing the employability goal, the case is stronger for helping people early in life—if they are mature enough to be helped.

In choosing among youth, three kinds of criteria should be considered, each of which may lead to a different targeting decision: putting the resources where they produce the greatest results; targeting on youth who are most in need; or using the resources to provide incentives for youth to behave in socially-approved ways. One possible approach would be to first classify youth according to the kind of assistance which is most likely to be effective in meeting their needs, and then to target the assistance not only to those who are most in need but also to those who demonstrate a willingness to meet certain approved performance standards.

In Chapter 5, eleven major policy options which might be used to achieve the employment and employability development goals are presented and discussed. The options for increasing job opportunities include: macroeconomic stimulation, targeted job creation, minimum wage reduction, antidiscrimination activities, and reducing the number of undocumented workers. While it is clear that macroeconomic stimulation increases job opportunities for youth, and that without it all other policies simply reshuffle opportunities, by itself it will certainly not eliminate the relatively high rates of youth unemployment or the differentially poor prospects of minorities. Subsidized job creation and changes in the minimum wage are two additional ways of stimulating demand. Both involve reducing the costs of employing youth, with the former being more costly to the federal government, but probably more effective and acceptable. Vigorous enforcement of laws prohibiting discrimination against minorities and women continues to be needed, but it would be impractical and possibly counterproductive to extend coverage to all youth. Finally, although undocumented workers are probably in competition with some youth, it would be difficult to reduce their numbers without curbing civil liberties and jeopardizing our relationships with other countries.

The options for increasing the qualifications of youth and improving their ability to find employment follow directly from the earlier discussion of some of the causes of youth labor market problems. Improvement of basic educational competencies for those who have not mastered the three R's is critical, and will become all the more important as our economy becomes more technologically sophisticated and paper oriented. Specific skill training is less important since many skills can be learned on the job but early exposure to vocational training should be considered as a means of motivating the participants to stay in school and to acquire the more basic skills. Improvement in basic socialization and motivation for both education and work is acknowledged to be important for some youth. However, it is not clear what could be done by the federal government that would have a major impact.

The options for improving labor market transitions include: increasing young people's general knowledge of the world of work and of different career options; providing them with more specific information about job vacancies in their own labor markets; and teaching them how to search for and obtain employment. These activities are especially important for youth who have not been exposed to successful adult work patterns and who do not have access to good informal job networks.

C. Program Experiences

For a number of years the federal government has sponsored substantial education, employment, and training activities for youth, spanning all of the major strategies presented above. Any new directions for youth-oriented policies should build on the lessons from these programs' successes and failures. The final chapters review what is known (and not known) about the impact of several major programs on the employment and employability development of youth.

Educational activities play a critical role in the employability development of young people. During the past decade and a half, the federal government's role in supporting education has sharply increased. Chapter 6 reviews three types of educational programs: vocational, career, and compensatory education. The major issue examined is the impact of these educational activities on the success of youth in the labor market. It is recognized, of course, that this is only one of several goals for these programs.

The potential role of vocational education in this regard is to provide skills which will give the participants access to particular jobs and/or to motivate youth to stay in school and acquire basic skills, work habits, and a diploma. The state of the art in program evaluation precludes definitive assessments about this or any of the other programs reviewed. But it appears that, on average, vocational education improves the immediate employment prospects of its graduates by only a small amount. For young men, there is no lasting impact on their employment stability or earnings. For young women, there do appear to be long-term positive impacts, related particularly to the acquisition of clerical skills.

Career education is a much smaller and newer program. It encompasses a variety of activities to expose students to the world of work and work values and to make their education more relevant to their career development. Thus far, career education has mainly benefited middle-class youth. Its potential for helping disadvantaged youth appears limited.

Major federal involvement in compensatory education began with Title I of the Elementary and Secondary Education Act of 1965. Since the youth who participate in these programs are mostly very young, we cannot observe a direct link between compensatory education and success in the labor market, but we can ask if cognitive skills are being increased as a result of the programs. The answer appears to be yes. Recent evaluations of Title I indicate that educationally-disadvantaged youth are, on average, gaining in reading skills as a result of the programs being sponsored with these funds. An important issue, which is now being studied by the Department of Education, is whether these positive impacts are sustained beyond the students' participation in the compensatory program.

Chapter 7 of this report reviews federally-sponsored employment and training programs for youth. These encompass a wide range of activities, from short-term work experience programs to intensive training and other services in residential centers (the Job Corps). In addition, the enactment of the Youth Employment and Demonstration Projects Act (YEDPA) in 1977 introduced several new program initiatives, which are currently being operated and assessed.

Evaluations of job creation programs for youth—the largest programs being the one for employing youth during the summer—indicate that they have been successful in increasing the employment levels of youth beyond what they otherwise would have been. Their primary goal has not been to develop the participants' employability, and the assessments indicate that little, if any, employability development has occurred. One premise of earlier work experience programs funded as part of the Neighborhood Youth Corps was that the provision of jobs would enable more disadvantaged youth to stay in school; this appears not to have occurred. The new Youth Incentive Entitlement Pilot Projects, authorized under YEDPA, have the same objective. In fact, this program explicitly links job entitlement to school attendance and performance, but it is too early to tell whether this strategy is succeeding.

The training activities reviewed in Chapter 7 include institutional skills training, on-the-job training, and the Job Corps. These programs are all intended to improve the employability and earnings of participants, most of whom are economically disadvantaged. Although the methodological problems in measuring the long-term impacts of such programs are severe, it appears that, in general, the programs have succeeded, although success varies with the quality of the training, equipment, supportive services, and job placement assistance provided.

The Job Corps, which tends to enroll the most seriously disadvantaged youth of any of the major employment and training programs, appears to produce significant earnings gains, more employment, and less crime among those participants who stay in the program for a sufficient period of time; for early dropouts, the program does not provide any measurable benefits. This link between program duration and benefits is also found in other training programs.

From this review of employment and training programs, it appears that it is relatively easy to provide employment for youth, but much more difficult and expensive to improve their employability. The activities that succeed tend to be costly. It is simply not reasonable to expect that problems which may have been accumulating over many years can be eliminated easily.

It is hoped that this review of what we have learned and the recommendations which build upon this knowledge base will help to insure that any new policies are designed and implemented in ways which will improve the employment prospects of disadvantaged youth.

Chapter 2: The Nature of the Problem

High unemployment among the nation's youth has become a relatively permanent feature of the labor market. Over the past decade (1968-1978), unemployment rates for persons 16 to 24 years of age have averaged 12 percent, triple the 4 percent average for older workers, aged 25-54 (see Figure 2-1). Among youth who are members of minority groups, unemployment rates have been still higher, averaging 22 percent among nonwhites and 17 percent among Hispanics (data for the latter group cover the last five years only). In addition, the nonwhite unemployment rate has shown a strong upward trend over the decade, with the result that there has been a widening gap between the unemployment rates of nonwhite and white youth.

Although unemployment has been high among young labor force participants, the proportion of the youth population which is **employed** has been gradually rising. However, this upward movement has been due to the increasing propensity of white youth to seek and find work; the proportion of the nonwhite population which is employed has fallen sharply.

This brief review of the data suggests that there are three questions which need to be answered:

(1) Why is youth unemployment higher than adult unemployment?

(2) Why are minority youth unemployment rates so much higher, and their employment rates so much lower, than those of other youth?

(3) Why have gaps between the experiences of minority and other youth widened over time?

This chapter examines what is known about youth labor markets and, in the process, attempts to shed some light on these three questions. The first section describes the dimensions of the problem in greater detail. The second section examines its causes.

A. The Dimensions of the Problem

1. Indicators of Success and Failure

Many have argued that unemployment rates understate the extent of youth's labor market problems because these statistics do not reflect the substantial proportion of youth who have become discouraged and dropped out of the labor force entirely.[1] Others have argued that the conventional employment and unemployment statistics exaggerate their problems.[2] They point out that by including many youth whose primary activity is attending school and who are only interested in part-time work, the conventional statistics are misleading.[3] Furthermore, many young people are unemployed because they are in the process of exploring the market as they move from school to work or from one job to another before settling down into a more permanent position.[4] It is often observed that much youth unemployment is relatively short term and thus may not create substantial economic hardship. On the other hand, recent studies suggest that a rather high proportion of all youth unemployment is due to a relatively small number of young people who experience lengthy spells of unemployment.[5]

---

[1] Persons who are not actively seeking work because they believe they cannot get a job because no jobs are available or because they feel some personal factor would preclude their finding work are considered "discouraged workers," rather than unemployed. In 1978, 250,000 of the 850,00 discouraged workers estimated in the Current Population Survey were between the ages of 16 and 24. If they had been counted as unemployed, the youth unemployment rate would have been increased from 12.2 percent to 13.1 percent.

[2] For example, see Michael Wachter, "The Dimensions and Complexities of the Youth Unemployment Problem," in *Youth Employment and Public Policy* edited by Bernard Anderson and Isabel Sawhill (New York: Prentice-Hall, 1980).

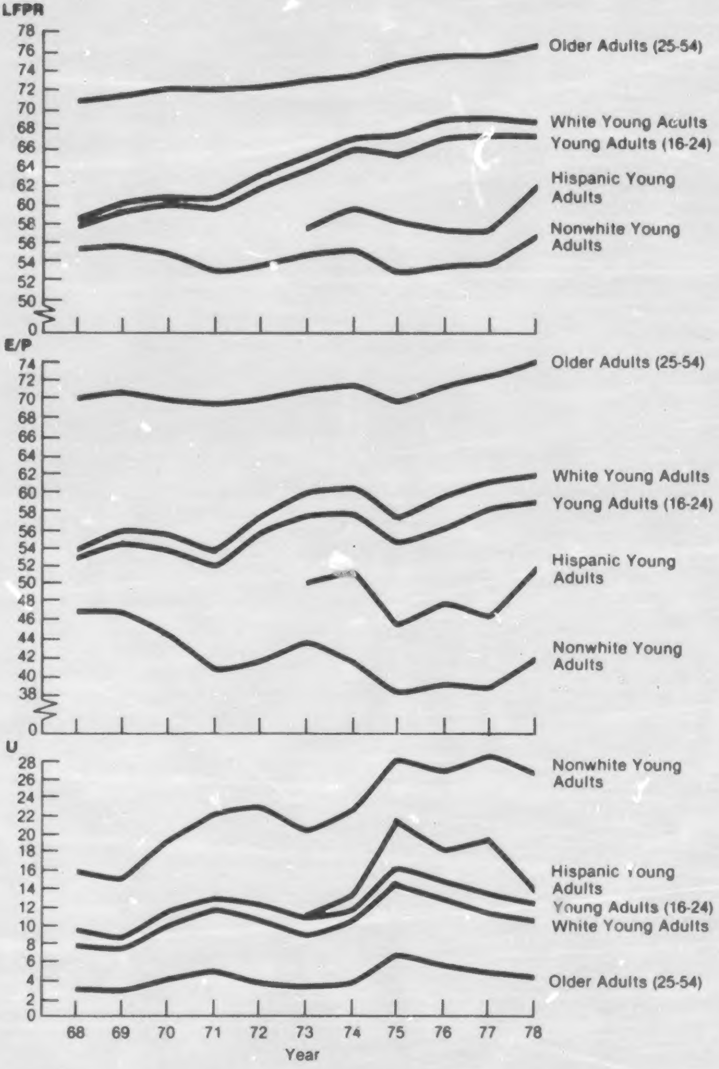
[3] In 1978, 68 percent of the labor force participants ages 16-17 were voluntarily employed part-time (less than 35 hours per week) or seeking part-time work; 29 percent of the participants ages 18-19 were part-time; and 13 percent of the participants ages 20-24 were part-time. Within each age group, the unemployment rates of the part-time and full-time labor force were similar.

[4] In 1978, 71 percent of the unemployed teenagers were new entrants or reentrants into the labor force; 10 percent had quit their last job; and 19 percent had lost their last job. Among unemployed adults, only 35 percent were (re)entrants; 15 percent had quit; and 49 percent had lost their last job.

[5] For example, it was estimated that in 1974, 54 percent of the weeks of unemployment among out-of-school young men were experienced by youth unemployed for more

Figure 2-1

Labor Force Participation Rates (LFPR); Employment to Population Rates (E/P); and Unemployment Rates (U) for Older Adults and Young Adults, Total, White, Nonwhite, and Hispanic, 1968-1978



Each of these criticisms of the statistics has some merit.[6] Clearly, some unemployment is endemic to the school-to-work transition, but is unlikely to be of serious consequence. On the other hand, some unemployed youth do become discouraged and leave the labor force and some have real difficulty finding work and remain unemployed for long periods of time. Thus, on an individual level, some young people make the transition to the stable work patterns of adulthood quite successfully, while others encounter problems. Moreover, these problems may impede success in later years. These longer-term consequences are discussed in Chapter 3.

It is useful to attempt to identify those groups for whom the transition years are problematic. The evidence presented below suggests that women, minorities, high school dropouts and youth from low-income families are among the groups that are most likely to have problems with the transition from school to work. We compare their experiences to those of all young men in the post high school years. Of course, this is a very aggregate comparison. Within each subgroup there are individuals whose experiences may be considered successful, and others for whom the transition years are unsuccessful. Moreover, some youth may face multiple difficulties as they enter the labor market.

When evaluating the labor market problems of these groups, we go beyond a simple inspection of unemployment rates. We also considered the extent and stability of employment as well as young people's involvement in competing activities, such as schooling and the military. Youth, more than adults, are likely to be engaged in one of these activities, and focusing on labor force experiences alone would be misleading. Moreover, these experiences outside of the

---

than six months. This group constituted only 8 percent of the labor force of the age group. (Kim Clark and Lawrence Summers, "The Dynamics of Youth Unemployment," paper presented to the National Bureau of Economic Research Conference on Youth Unemployment, Airlie, Virginia, May 1979.)

[6] An additional possible problem with the statistics relates to the way in which the data are collected. In the Current Population Survey, the parents (typically the mother) are asked about the child's labor force activities; the child is not asked directly. A comparison of results from the CPS with those from the National Longitudinal Surveys (in which youth report their own activities) indicates that the extent to which young men are working and young women are looking for work, may be underestimated in the CPS. See Michael Borus et al., "Counting Youth: A Comparison of Youth Labor Force Statistics in the Current Population Survey and the National Longitudinal Surveys," in U.S. Department of Labor, *Conference Report on Youth Unemployment: Its Measurement and Meaning* (Washington, D.C.: U.S. Department of Labor, 1978); also Richard Freeman and James Medoff, "Why Does the Youth Labor Force Activity Differ Across Surveys?" paper presented to the National Bureau of Economic Research Conference on Youth Unemployment, Airlie, Virginia, May 1979.

labor market may be important because of their influence over the future course of young people's lives. For example, there is evidence that additional years of schooling contribute to, while teenage pregnancy impedes, success in later years.

Finally, we examine the labor market experiences of youth both at a point in time and over time. This is important since young people differ not only in their initial positions in the labor market, but also in the paths they begin to follow as they gain experience. At the beginning of their careers, variations between groups may appear largely in the form of unemployment rates and other measures of employment stability; fewer differences may be found in the wages they earn in their entry-level jobs. However, over time variations along all of these labor market dimensions may emerge; some may move quickly into the more stable, higher-paying jobs associated with adult work roles while others may have difficulty locating such work. For these reasons, we also examine such measures of labor market success as earnings growth and occupational upgrading.

2. The Labor Market Experiences of Youth: Mainstream Patterns

The years between ages 16 and 24 are often termed the "transition period." Schooling is replaced with job search and full-time employment; parents cease to be a primary source of income as "own households" begin to be formed. And, within the labor force, young people move from their first entry-level jobs to more permanent positions which will be held for several years, or possibly a lifetime.

For most youth, this transition period is successful. By age 22-24, 85 percent of all young people have graduated from high school and of these, 20 percent have completed college. This latter group of college-educated youth, by having spent added years on education, has formed a solid base for the start of adult life.

Among those who do not attend college, virtually all young men are employed some part of their first year after leaving school as well as some part of the ensuing years (Tables 2-1 through 2-3). More important for them is the increasing stability of that employment. Between the ages of 18 and 19, they average about 40 weeks of work per year and their unemployment rate is above that of the nation as a whole. However, by age 22-24, they are averaging almost full-year employment (46 weeks) and their unemployment rate is below that of the nation.[7]

---

[7] In October 1978 the unemployment rate for 18-19 year old male high school graduates was 8.8 percent; for 22-24 year olds, it was 5.6 percent. At the same time, the

Table 2-1
Experiences of Male and Female Youth

Experience Indicator	Men			Women		
	16-17	18-19	22-24	16-17	18-19	22-24
	All Educational Categories					
Unemployed as a Percent of the Labor Force, 1978[a]	19.0	12.3	6.7	17.2	14.7	8.0
Employed as Percent of the Civilian, Noninstitutional Population, 1978[a]	39.9	62.4	83.7	37.3	51.5	65.9
Employed, Enrolled or in the Military as Percent of the Population, 1978[a]	93.6	90.0	90.3	93.1	77.2	70.8
Percent of Those Aged X in 1977 Who Had Completed High School[c]	4.4	69.1	84.4	7.0	76.6	84.2
Percent of the Civilian, Noninstitutional Population Enrolled in College[a]	—	35.2	19.2	—	36.2	13.2
	Noncollege Youth					
		25-26			25-26	
Average Weeks Worked Per Year of Those 16-17 in 1966 (1968 for Women) and As They Age[b d]	28.6	39.6	45.6	21.8	28.3	38.1
Hourly Rate of Pay (in 1978 Constant Dollars) of Those Who Were 16-17 in 1966 (1968 for Women) and As They Age[b]	2.87	4.33	6.31	2.09	3.04	3.84
Percent Increase in Average Hourly Rate of Pay from 18-19 to 25-26[b]		45.9			26.4	

[a] SOURCE: Current Population Survey, October 1978.

[b] SOURCE: National Longitudinal Surveys, unpublished data (all NLS unpublished data shown in this chapter were provided with the assistance of Tura Eisele under a NCEP research contract to Stanley Stephenson).

[c] SOURCE: Current Population Survey Series P-20 No. 333, February 1979.

[d] Base is all those who worked one or more weeks during that year..

In these first years after leaving high school, some upward movement in occupational status begins. Most young men start their careers by working as unskilled laborers or operatives, or by entering the military. But by their early twenties, many have already moved

---

national unemployment rate was 6.7 percent. See U.S. Department of Labor, Bureau of Labor Statistics, "Students, Graduates and Dropouts in the Labor Market, 1978," Special Report No. 215 (Washington, D.C.: U.S. Department of Labor, forthcoming).

Table 2-2
Experiences of Minority Youth by Sex

Experience Indicator	MEN									WOMEN								
	Whites			Blacks			Hispanics			Whites			Blacks			Hispanics		
	16-17	18-19	22-24	16-17	18-19	22-24	16-17	18-19	22-24	16-17	18-19	22-24	16-17	18-19	22-24	16-17	18-19	22-24
	All Educational Categories																	
Average Annual Unemployment Rate, 1978[a]	16.9	10.8	7.6	40.0	30.8	20.0	27.2	13.8	9.3	17.1	12.4	8.3	41.7	36.5	21.3	30.3	16.6	13.1
							16-19[f]		20-24[f]							16-19[f]		20-24[f]
Employed as a Percentage of the Civilian, Noninstitutional Population, 1978[b]	43.9	66.2	85.5	16.3	40.6	71.4	46.1		81.6	41.6	55.5	67.9	13.7	28.5	52.1	34.7		50.8
Employed, Enrolled, or in the Military as a Percent of the Population[b]	93.8	91.7	91.9	92.1	79.2	79.0	N/A	N/A	N/A	93.5	79.6	72.4	90.8	62.5	60.0	N/A	N/A	N/A
Percent of Those Aged X in 1977 Who Had Completed High School[d]	4.4	72.8	85.0	3.7	43.8	77.5	3.0	45.8	71.4	7.2	78.6	86.1	5.8	64.4	71.9	4.8	54.9	52.4
Percent of Civilian, Noninstitutional Population Enrolled in College[b]	—	37.5	18.9	—	18.1	17.8	—	22.5	13.6	—	36.8	13.0	—	31.1	11.9	—	5.2	5.7

0(

Table 2-2, continued
Experiences of Minority Youth by Sex

Experience Indicator	MEN									WOMEN								
	Whites			Blacks			Hispanics			Whites			Blacks			Hispanics		
	16-17	18-19	22-24	16-17	18-19	22-24	16-17	18-19	22-24	16-17	18-19	22-24	16-17	18-19	22-24	16-17	18-19	22-24
	Noncollege Youth																	
Average Weeks Worked Per Year of Those 16-17 in 1966 (1968 for Women) and As They Age[c] [e]	29.9	41.9	**25-26** 47.0	25.3	34.3	**25-26** 42.8	N/A	N/A	N/A	23.9	30.0	**25-26** 37.3	18.1	24.8	**25-26** 39.4	N/A	N/A	N/A
Hourly Rate of Pay (1978 Constant Dollars) of Those Who Were 16 to 17 in 1966 (1968 for Women) and As They Age[c]	2.97	4.60	**25-26** 6.98	2.57	3.73	**25-26** 4.79	N/A	N/A	N/A	2.07	3.04	**25-26** 4.01	2.11	3.06	**25-26** 3.54	N/A	N/A	N/A
Percent Increase in Average Hourly Rate of Pay From 18-19 to 25-26[c]	51.8			28.2			N/A			31.9			15.9			N/A		

---

[a] SOURCE: U.S. Bureau of Labor Statistics, *Employment and Earnings*, Vol. 26, No. 1, January 1979.

[b] SOURCE: Current Population Survey, October 1978.

[c] SOURCE: National Longitudinal Surveys, unpublished data.

[d] SOURCE: U.S. Bureau of Census, "School Enrollment—Social and Economic Characteristics of Students," Series P-20, No. 333, February 1979.

[e] Base is all those who worked one or more weeks.

[f] SOURCE: *Monthly Labor Review*, December 1978.

N/A — Not available

Table 2-3
Experiences of High School Dropouts and Graduates by Sex

Experience Indicator	MEN						WOMEN					
	High School Graduate No College			Nongraduate Not Enrolled			High School Graduate No College			Nongraduate Not Enrolled		
	16-17	18-19	22-24	16-17	18-19	22-24	16-17	18-19	22-24	16-17	18-19	22-24
Unemployed as a Percent of the Labor Force, 1978[a]	N/A	8.8	5.6	34.5	17.0	12.4	13.2	13.9	7.0	32.4	23.4	19.7
Employed as a Percent of the Civilian, Noninstitutional Population 1978[a]	74.0	85.9	91.4	45.4	73.1	79.6	74.5	68.9	72.3	34.2	38.4	36.8
Average Weeks Worked Per Year of Those 16-17 in 1966 (1968 for Women) and As They Age[b c]	41.9	39.2	25-26 46.9	34.3	40.4	25-26 43.2	22.9	30.3	25-26 40.9	18.6	22.4	25-26 29.8
Hourly Rate of Pay (in 1978 Dollars) of Those Who Were 16-17 in 1966 (1968 for Women) and As They Age[b]	2.87	4.45	25-26 6.84	2.87	4.09	25-26 5.21	2.07	3.16	25-26 4.07	2.09	2.65	25-26 3.19
Percent Increase in Average Hourly Rate of Pay from 18-19 to 25-26[b]		53.6			27.3			28.7			19.8	

[a] SOURCE: Current Population Survey, October 1978.

[b] SOURCE: National Longitudinal Surveys, unpublished data.

[c] Base is all those who worked one or more weeks during the year.

N/A — Not available.

into professional or managerial occupations or into the skilled crafts.[8]

Finally, as a result of both the progression of occupational status and the gains which accrue from work experience, the real (inflation-adjusted) earnings of young men who do not go on to college rise by about 46 percent in their first seven years after leaving school.

3. The Labor Market Experiences of Youth: Other Patterns

Women

The problems that women encounter during the transition years begin appearing in the statistics at around age 18. (See Tables 2-1—2-3.) Before that age, they are just as likely as men to be enrolled in school or employed. Also, women are much more likely than men to be high school graduates by the age of 18 or 19 although men catch up to them in educational attainment at a later age.

Within the labor force, women have somewhat more difficulty finding work than men. Both at ages 18-19 as well as at ages 22-24 the proportion of unemployed women is greater than that of men within each race (or ethnic) group and among high school graduates and nongraduates alike.

But the greatest problem women experience is with the wages they earn. In particular, noncollege women begin their work career receiving hourly wages that are about 75 percent that of men and over time this wage gap grows; when they are 25-26 these women are earning only 61 percent as much as men.

Part of the wage differential may reflect women's relative lack of experience. After leaving high school women work fewer weeks per year than men. Further, the proportion of women who are employed declines over the transition years due mainly to their increasing family responsibilities. But another part of the wage differential is due to the differing occupational distributions of men and women. Women begin their work careers in a different set of occupations than men and as they age, men experience greater occupational upgrading than women.[9]

---

[8] About 50 percent of the noncollege young men begin their work careers as operatives and unskilled laborers, but a little over 15 percent are already employed as craftsmen. By their mid-twenties, the proportion working as operatives and unskilled labor has declined, to 42 percent; the proportion working as craftsmen has doubled, and 7 percent are in professional and managerial jobs. (National Longitudinal Surveys unpublished data which exclude college youth.)

[9] In contrast to the occupational distribution of men at age 18-19 over 80 percent of all noncollege women are in clerical, service or operative occupations. By their mid-

Minorities

The labor market problems of today's youth are particularly severe among members of minority groups. The problems they experience are evident in all of the labor market indicators shown in Table 2-2.

At age 16-17 comparable proportions of white and minority youth are either employed, enrolled or in the military. However, at ages 18-24, minority young people are less likely to be involved in one or more of these activities. In particular, the schooling measures indicate that proportionately more whites than blacks or Hispanics complete high school and enroll in college, with Hispanics being the least likely to graduate from high school.

Once in the labor force, minority youth have a serious problem finding jobs. The unemployment rate of black males is at least two and one half times larger than that of white males of the same age. The unemployment rate for Hispanic males is also significantly higher than that of white males, but is less than that of their black counterparts. Among women too, the unemployment rate for Hispanics is much larger than for whites, but less than that of blacks. For both sexes, differences in the employment to population ratios by race or ethnicity tell the same story as the unemployment rates.

Among the noncollege youth who do work, at each age blacks average fewer weeks of employment per year than whites. They also earn lower wages at every age (although the disparity is not very significant among teenage women) and the growth in earnings between the ages of 18-19 and 25-26 is twice as large for whites as it is for blacks.[10]

While minority youth today clearly have a disadvantaged position relative to whites, along some dimensions the situation is better than it was a decade ago. First, the wage gap between blacks and whites is

---

twenties, women have experienced little upgrading: while 8 percent are in professional and managerial ranks, at age 25 or 26, 80 percent are still employed as operatives, clerical or service workers. (National Longitudinal Surveys unpublished data which exclude college youth.)

[10] Econometric research which adjusts for other differences between the two groups has found an insignificant difference in the hourly wages of 18-19 year-old black and white men. At the same time, an annual earnings differential exists, reflecting the greater employment instability of black men. Among 20-24 year-old men, blacks were found to earn significantly less than whites on both an hourly and an annual basis. Richard Freeman, "Economic Determinants of Geographic and Individual Variation in the Labor Market Position of Young Persons," paper presented to the National Bureau of Economic Research Conference on Youth Unemployment, Airlie, Virginia, May 1979.

The reason black youth receive a smaller wage increase over these initial years in the labor market appears to be due not only to their less frequent, but also to their slower movement out of low-wage, low-skill jobs. For example, at age 18-19 about 20 percent much reduced, at least among those at the beginning of their careers. As important, there has been a significant increase in the proportion of blacks who are completing high school as well as attending college.[11]

High School Dropouts

Along most of the dimensions reported in Table 2-3, school dropouts fare worse in the labor market than graduates. At every age (and for both sexes) nongraduates have unemployment rates from two to three times those of graduates. Also, dropouts are much less likely to be employed than are graduates, although the differences between graduates and dropouts in average weeks worked per year are not as large as the unemployment rate differential.

Among those who work, the wages of graduates and dropouts differ little at age 18-19; for example, male dropouts earn 90 percent as much as male graduates. However, the percentage increase in hourly rates of pay is considerably larger for high school graduates than dropouts. By the end of the transition years, there is a substantial wage gap between the two educational groups.

Youth from Low Income Families

Finally, Table 2-4 provides data on noncollege youth who come from economically-disadvantaged families.[12] These figures indicate that

---

of white men, but 40 percent of black men, are working as unskilled laborers. By the time youth are in their early twenties, this figure has already been halved for whites, but among blacks little change has occurred. It takes black men until their mid-twenties for significant upgrading to appear. By that age, the proportion of black men employed as unskilled laborers has fallen to 20 percent, the proportion found among whites at age 18. (National Longitudinal Surveys unpublished data which exclude college youth.)

[11] In 1967, 56 percent of black 18-24 year olds completed high school and 23 percent of them attended college. A decade later, in 1977, two-thirds of them went on to college. While the proportion of whites who complete high school is greater than that of blacks, among those who do graduate, equal proportions subsequently enroll in college. The increasing enrollment rates of black youth seem to be one of the reasons for their declining employment to population ratios (see Figure 2-1), since black youth tend not to attend school and work simultaneously. If black youth were not attending school at their current levels, their employment-to-population rates would be considerably higher than they are at present, although still below those of whites. See Paul Osterman, "The Employment Problems of Black Youth: A Review of Evidence and Some Policy Suggestions," paper prepared for the National Commission for Employment Policy, July 1979.

[12] The relative paucity of information on this group is due to the fact that official (Current Population Surveys) data on income are collected for households and not, as is important here, for parents of youth. Since over 90 percent of the 16-17 year olds live with their parents, for this age group household income is a reasonable proxy for parental economic status. However, the proportion of youth living with their parents declines substantially with age, making household income a less reliable family-background indicator for the older age groups. The data from the National Longitudinal Surveys in Table 2-5 use parents' income.

Table 2-4
Experiences of Noncollege Youth From Economically Disadvantaged and Nondisadvantaged Families by Sex

	MEN									WOMEN								
	All			Nondisadvantaged Family			Disadvantaged Family			All			Nondisadvantaged Family			Disadvantaged Family		
Experience Indicator	16-17	18-19	25-26	16-17	18-19	25-26	16-17	18-19	25-26	16-17	18-19	25-26	16-17	18-19	25-26	16-17	18-19	25-26
Unemployment Rate, March 1978[a]	22.4	N/A	N/A	18.5	N/A	N/A	35.5	N/A	N/A	25.6	N/A	N/A	17.8	N/A	N/A	29.9	N/A	N/A
Employed as a Percentage of the Civilian, Noninstitutional Population, March 1978[a]	35.6	N/A	N/A	40.0	N/A	N/A	24.5	N/A	N/A	30.4	N/A	N/A	35.4	N/A	N/A	18.9	N/A	N/A
Average Weeks Worked Per Year of Those 16-17 in 1966 (1968 for Women) and As They Age[b c]	28.6	39.6	45.6	29.7	41.8	46.7	26.6	36.4	44.6	21.8	28.3	38.1	24.8	31.3	38.1	17.7	24.3	38.4
Hourly Rate of Pay (in 1978 Dollars) of Those Who Were 16-17 in 1966 (1968 for Women) and As They Age[b]	2.86	4.33	6.31	2.95	4.92	7.13	2.55	3.52	4.79	2.09	3.04	3.84	2.13	3.16	4.07	1.91	2.91	3.50
Percent Increase in Average Hourly Rate of Pay from 18-19 to 25-26[c]		45.9			45.1			35.9			26.4			26.7			20.3	

[a] SOURCE: Current Population Survey, March 1978. The income cutoff used to define a family's economic status is 100 percent of the BLS Lower Living Standard.

[b] SOURCE: National Longitudinal Surveys, unpublished data. The income cutoff used to define a family's economic status approximates the BLS Lower Living Standard for a family of four.

[c] Base is all those who worked one week or more during that year.

N/A — Not available

even at age 16 to 17, there are substantial differences in the employment experiences of low-income, and higher-income, youth. For both men and women, the unemployment rate of the disadvantaged is almost twice that of their more advantaged counterparts and low-income youth are also less likely to be employed in these early years.

As important, these young people begin their work lives earning less than nonpoor youth and they fall further behind as they age. Among men, in particular, coming from an economically-disadvantaged family seems to be associated with even greater wage problems than leaving school early.

4. Summary

The fact that women, minorities, high school dropouts, and youth from low-income families have various labor market handicaps should be no surprise. It must also be remembered that these are overlapping categories and that youth who belong to more than one of these groups experience particularly serious problems.

If there is any one indicator which might be used to judge the relative seriousness of the problem for various groups of young men, it might be annual earnings at age 25-26. This indicator tells us who concludes the transition years reasonably successfully and who concludes these years with a deficit, either because of low rates of pay or unstable employment. Table 2-5 shows that, among the various subgroups of men, blacks and those from low-income families have the lowest hourly rates of pay, with high school dropouts not faring much better. Blacks have the lowest annual earnings because they work fewer weeks per year.

Estimated annual earnings is a less satisfactory indicator for young women, since they may voluntarily withdraw from the labor force or work fewer hours because of family responsibilities. For them, hourly rates of pay are better measures for assessing their transition years' experience. These data (in Table 2-5) show that even the most advantaged subgroup of women, white females, averages an hourly rate of pay below that of the most disadvantaged male subgroups (blacks and those from low-income families).

Table 2-5
Estimated Annual Earnings at Age 25-26 of Noncollege Male and Female Youth From Different Subgroups

Group	Hourly Rate of Pay	Average Weeks Worked[a]	Estimated Annual Earnings[b]
All Men, aged 25-26	$ 6.31	45.6	$11,509
White	6.98	47.0	13,122
Black	4.79	42.8	8,200
Hispanic	N/A	N/A	N/A
High School Dropouts	5.21	43.2	9,002
From a Low-Income Family	4.79	44.6	8,545
All Women, aged 25-26	3.84	38.1	5,852
White	4.01	37.3	5,983
Black	3.54	39.4	5,579
Hispanic	N/A	N/A	N/A
High School Dropouts	3.19	29.8	3,802
From a Low-Income Family	3.50	38.4	5,376

[a] Base is all those who worked at all during that year.

[b] Estimated annual earnings = hourly rate of pay x 40 x average weeks worked per year. The assumption that all subgroups work 40 hours a week is made for calculation. Clearly, this is not the case and this assumption overlooks additional differences between these subgroups. All figures are stated in terms of constant (1978) dollars.

N/A — Not available

SOURCE: National Longitudinal Surveys of Young Men and Women, unpublished data. The data for young men are from the 1975 survey and for women from the 1977 survey.

B. The Causes of the Problem

1. Overview

This section provides a capsule review of the reasons why some youth are especially likely to have problems in the labor market.[13] The particular focus is on unemployment although, where possible, the other labor market problems described in the preceding section are also considered. As noted at the beginning of this chapter, in discussing unemployment there are three basic patterns that need to be accounted for: first, there is the high rate of youth joblessness relative to that of older workers; second, among youth, one must consider the higher rate of joblessness experienced by minorities; finally, there is the question of why the gap between black and white youth joblessness appears to have widened in recent years.

---

[13] An earlier Commission briefing paper by Carol Jusenius (1978) provides an extensive survey of the literature on the causes of youth unemployment. Subsequent papers and interim reports to the Commission by Elijah Anderson, Ronald Ehrenberg, Richard Freeman, Robert Mare and Christopher Winship, Paul Osterman, and Michael Wachter were also particularly useful. The Anderson, Freeman, Wachter

To anticipate the policy analysis that begins in Chapter 4, the factors likely to lead to unemployment are organized into three categories: (1) those that are associated with a lack of jobs, (2) those that affect the employability of youth, and (3) those that involve problems in matching young job-seekers with existing job vacancies. At the outset, it should be pointed out that these problems interact, complicating the analysis and the development of appropriate policies.

2. Lack of Jobs

Introduction

A lack of jobs for youth may be due to: (1) inadequate total demand, (2) discrimination, or (3) various structural imbalances, such as a decrease in the kinds of jobs typically open to youth relative to the size of the youth labor force. Each of these factors may contribute to youth joblessness, low wages, or both. One can envision employers ranking job candidates in order of attractiveness. The total number of jobs determines how far down in the queue they go. Of course, how youth come to be disproportionately at the end of the queue involves their own characteristics,[14] as well as employer behavior. One way that a young person could make himself or herself more attractive to potential employers is to offer to work for lower wages. However, legal and social floors on wage rates, as well as youth's own preferences, limit the use of lower wages as a market clearing device.[15]

Inadequate Total Demand

In one sense, an insufficient number of jobs can always be given as a cause of youth unemployment: as long as job opportunities can be

---

papers were prepared as background for the Commission and American Assembly cosponsored Assembly on Youth Employment, in August 1979. They will be published in *Youth Employment and Public Policy* edited by Bernard Anderson and Isabel Sawhill.

[14] These characteristics will be discussed in the section that follows.

[15] The role of minimum wage legislation is addressed in Chapter 5.

expanded, youth employment will increase and youth unemployment will decline. For example, during the four-year period following the last recession (1975II-1979II), when the aggregate unemployment rate declined by 3.2 percentage points, that of teenagers fell by 4.2 points. The role of macroeconomic policy as a means of increasing youth employment and reducing youth unemployment is examined in Chapter 5. The evidence reviewed there clearly demonstrates that youth employment, and especially black youth employment, is highly sensitive to aggregate economic conditions (the business cycle).[16] This suggests that when jobs are available, youth are there to take them.[17]

Discrimination

Although it is difficult to measure, discrimination is still an important source of labor market problems for minorities generally, and especially for those who are young. Discrimination against women tends to take the form of occupational segregation and low earnings; their unemployment rates are not much higher than those of young men.

Clearly much discrimination can occur before young people enter the work force.[18] Our concern here, however, is with their experiences in the labor market, where discrimination can result in less employment, lower earnings, or both, for equally qualified minority youth.

Since the early sixties racial earnings differentials among youth have narrowed significantly. At the same time, however, the unemployment rate differential has risen. The reasons for these opposing trends are not well understood. One possible explanation is that equal opportunity legislation has resulted in a tradeoff between wage discrimination and employment discrimination.[19] That is, if equal opportunity legislation or social pressures force employers to provide equal pay, then discrimination may increasingly take the form of not hiring minorities instead of paying them less. While it is unlikely that employers are more prejudiced than in the past, it is possible that they have substituted one form of discrimination for another, thus accounting for some of the widening disparities in the employment prospects of minority and other youth.

---

[16] See Freeman, (May 1979); James Luckett and Robert Flanagan, "Youth Employment Policy Review Issues," (Washington, D.C.: Council of Economic Advisers, April 1979); Wachter in Anderson and Sawhill (1980); Ralph Smith et al., "Recession and the Employment of Demographic Groups," *Brookings Papers on Economic Activity*, No. 3 (1974); Paul Osterman (July 1979). See also Stanley Friedlander, *Unemployment in the Urban Core: An Analysis of Thirty Cities with Policy Recommendations* (New York: Praeger, 1972).

[17] Also see the discussion later in this chapter under the heading "Willingness to Work."

[18] For an analysis of the black educational experience in this context, see John Ogbu, *Minority Education and Caste: The American System in Cross-Cultural Perspective* (New York: Academic Press, 1978).

[19] See in particular the discussion in Robert J. Flanagan, "On the Stability of the Racial Unemployment Differential," *American Economic Association Papers and Proceedings*, Vol. 66, No.2 (May 1976).

There is evidence that discrimination is an important explanation for the current disparities. Research has found that holding constant those factors known to influence the employment prospects of all groups (such as geographic location and previous experience), minority youth are more likely to experience unemployment than whites. For example, one study of young men (16-21) in low-income areas found that almost 50 percent of the black/white unemployment rate differential was attributable to race.[20] Further, approximately 90 percent of the differential between Spanish-speaking and white young adults appeared to be due to ethnicity.[21] The presumption is that these differentials are due to discrimination, although there may also be some unmeasured differences in productivity not easily captured in the analyses.

A substantial proportion of unemployment rate differentials has been attributed to age. [22] However, to some extent (especially among men), age is a proxy for the number of years of labor force experience. That is, the older the person, the longer the time he or she has had to learn about how the labor market operates and to gain on-the-job training. Thus, it is almost impossible to specify what portion of youth/adult unemployment differentials is due to age **per se** (age discrimination) and what part is due to the effects of previous experience (legitimate differences in productivity).

---

[20] Duane E. Leigh and V. Lane Rawlins, "Racial Differentials in Male Unemployment Rates: Evidence from Low-Income Urban Areas," *Review of Economics and Statistics*, Vol. 56, No. 2 (May 1974). Osterman had similar findings: 55 percent of the difference in the average annual weeks of unemployment between blacks and whites could not be explained by differences in their personal characteristics. See Paul Osterman, "Racial Differentials in Male Youth Unemployment," in U.S. Department of Labor, *Conference Report on Youth Unemployment: Its Measurement and Meaning* (Washington, D.C.: U.S. Department of Labor, 1978). See also, Robert Flanagan, "Discrimination Theory, Labor Turnover, and Racial Unemployment Differentials," *Journal of Human Resources*, Vol. 13, No. 2 (Spring 1978).

[21] Leigh and Rawlins. This evidence should be taken as indicative only since the sample size for Spanish-speaking youth is small.

[22] Leigh and Rawlins compared the effect of being 16-21 versus 22-34 years old among whites, blacks and Spanish-speaking men. Their findings indicate that controlling for other factors, 43 percent of the age differential in unemployment rates among whites is

The major problem with the research to date is that while employers apparently do differentiate among workers on the basis of age, race (ethnicity), and sex, we know little about the **process** by which this differentiation takes place. The information which does exist strongly suggests that there are wide variations in hiring standards and that subjective evaluations of job applicants may be the rule.[23] These hiring procedures may effectively exclude minorities and women from certain jobs even in the absence of conscious prejudice on the part of employers. A sufficient condition for exclusion exists when employers do no more than exercise their natural preferences for those with similar backgrounds, values and lifestyles and use recruiting networks consistent with these preferences. In addition, there is the possibility of statistical discrimination. That is, employers may base their hiring decisions less on the background and qualifications of the individual, and more on the presumed characteristics of the group to which he or she belongs.[24] Problems stemming from this form of discrimination may be compounded by occupational stereotyping. Employers may view only some jobs as "appropriate" work for women, men, whites, blacks, Hispanics, or young people in general. If vacancies exist for other positions, employers may not consider hiring a person from the "wrong" demographic group.[25]

Structural Imbalances

Another set of explanations for high youth unemployment, and the widening differential between black and white youth in particular, focuses on a growing **imbalance** between the types and locations of available employment on the one hand and the qualifications and locations of youth on the other.

One hypothesis is that joblessness among black youth is related to

---

associated with age; among blacks, 46 percent; and among Spanish-speaking persons, 55 percent.

[23] Daniel Diamond and Hrach Bedrosian, *Industry Hiring Requirements and the Employment of Disadvantaged Groups* (New York: New York University, School of Commerce, 1970); E. Lynton et al., *Employers' Views on Hiring and Training* (New York: Labor Market Information Network, 1978); Oswald Hall and Richard Carlton, *The Study of Albertown*, Occasional Paper 1 (Toronto: Ontario Economic Council, 1977).

[24] For example, if youth in general are viewed as having high turnover rates, then an individual young person may not be hired for a job which requires a great deal of on-the-job training. See E. Anderson in Anderson and Sawhill (1980) for a discussion of this problem for black youth.

[25] It should be noted that we also know little about the occupational desires of young people and the extent to which **they** place restrictions on the occupations they will accept.

the fact that they are disproportionately located in central cities where few entry-level jobs are available. The empirical evidence suggests, however, that **residential location** is not a major factor in explaining either the relatively high rate of joblessness among black youth or the deterioration in their relative position. It has been estimated that if the black population had been relocated to match the residential distribution of whites, the black teenage unemployment rate would only have been reduced by about 5 percentage points in 1978 (from 40.5 to 35.1 percent).[26] In addition, there is no evidence that the suburbanization of employment opportunities between 1960 and 1970 had any significant impact on black youth employment. This may be due to the **simultaneous** movement of jobs and white youth to the suburbs, which gave minority youth in the city an opportunity to capture a larger share of the remaining pool of jobs.[27]

On the other hand, the labor market problems of black young **men** do appear to be related to the changing **industrial structure** of the economy.[28] Young men of both races are disproportionately concentrated in certain industries and these industries have experienced either no growth or only sluggish growth over the past decade. As the relative number of youth jobs has declined, young men have not moved into other sectors of the economy. Instead, it appears that white youth have been capturing an increasing share of a rather stagnant pool of jobs.

One important change affecting black youth more than white youth has been the decline in agricultural employment. In 1960, 15 percent of all black teenagers were employed in this sector but only 6 percent of white teenagers. By 1970, the proportion of this age group engaged in agriculture had declined to about 4 percent for both racial groups.

Finally, it has been argued that the **rapid growth in the size of the youth cohort, and in the number of older women and undocumented workers** in the labor force has worsened the employment prospects of young people. An increase in the size of the youth cohort might reasonably be expected to influence labor market opportunities. Wages may be depressed, making alternative activities, such as schooling, relatively more attractive. Also, to the extent that employers do not view youth and adults as substitutable at the prevailing wage scales, the share of youth who are employed will be adversely affected. Recent research has indicated that the population bulge of the youth cohort has had a negative impact on the percentage of youth employed while simultaneously increasing the percentages unemployed in school and engaged in other non-market activities.[29]

---

[26] *Employment and Training Report of the President, 1978*, p. 73.

[27] See Paul Osterman, "Black and White Youth Employment: A Cross-Sectional Analysis," (Boston: Regional Institute for Employment Policy, June 1979).

[28] See Osterman (June 1979); Robert Mare and Christopher Winship, "Changes in Race Differentials in Youth Labor Force Status," paper prepared for the National Commission for Employment Policy, December 1979.

Whether older women workers and undocumented workers affect the labor market for youth depends largely upon the degree to which these groups are substitutable for young people, and thus in competition with them. There is little direct evidence on this issue. Recent work has indicated that in the manufacturing sector, older white women (25 years or older) do appear to be substitutes for youth (14-24 year olds) and that unless there is a decline in the cost of hiring young people, some displacement will occur.[30] However, we do not know which youth older women are replacing.[31] Also, the degree of substitutability among these various groups in sectors other than manufacturing has yet to be estimated.[32]

The possibility of competition between undocumented workers and youth can only be inferred. Studies on the characteristics of these workers have dealt almost entirely with those from Mexico (little is known about the non-Mexican groups). These studies suggest that undocumented workers are in their late twenties, predominantly male, poorly educated (the great majority with less than six years of schooling), often farmworkers from rural areas, and economically motivated. In the U.S. they are generally employed in low-paying, low-skill jobs.[33] All of this would suggest that undocumented workers may be displacing youth, particularly young men. However, the size of the effect is not known, largely because there are no reliable estimates on the number and location of undocumented workers.[34]

---

[29] See Michael Wachter and Choongsoo Kim, "Time Series Changes in Youth Joblessness," paper presented at the National Bureau of Economic Research on Youth Unemployment, Airlie, Virginia, May 1979.

[30] Daniel Hamermesh and James Grant, "Do Employers Substitute Workers of Different Ages, Races and Sexes, and What Does This Imply for Labor Market Policy?" paper prepared for the National Commission for Employment Policy, October 1979.

[31] The existence of occupational segregation by sex suggests that older women are most likely to displace younger women.

[32] Research currently underway for the NCEP by Daniel Hamermesh and James Grant should shed some light on this issue. Their final report is expected early in 1980.

[33] Wayne Cornelius, "Illegal Migration to the United States: Recent Research Findings, Policy Implications and Research Priorities" (Cambridge: Massachusetts Institute of Technology, 1977); Joyce Vialet, *Illegal Aliens: Analysis and Background* (Washington, D.C.: Congressional Research Service, 1977).

[34] INS reports indicate that the majority of undocumented workers are in the Southwest. However, it must be noted that INS data are not representative of the total

3. The Employability of Youth

Introduction

While there is uncertainty about the relative importance of various factors that affect employability, there is general agreement that together they can seriously reduce the likelihood that youth will be successful in the labor market. The factors considered here include: lack of education as measured by years of schooling or basic competencies, lack of work experience or training, and "poor" attitudes.

Educational Competencies

The literature on the determinants of earnings strongly supports the commonsense observation that people with more education receive higher pay. Controlling for other factors, college graduates fare better than nongraduates, and high school graduates fare better than those without a high school diploma. The reasons for the relationship between education and earnings are still in dispute. One possibility is that education enhances productivity and that higher earnings reflect this greater productivity. Another possibility is that education simply signals other characteristics about people. For example, it may be that intellectual ability and motivation are responsible for a youth both completing high school and earning high wages.[35]

The nature of the relationship between education and unemployment is even less well understood. The literature on the determinants of unemployment among noncollege youth has not produced consistent findings. As indicated at the beginning of this chapter, high school dropouts tend to have much higher rates of unemployment than graduates; but after adjusting for other differences between the two groups, the relationship is less clearcut. While some research has indicated that a diploma raises the probability of obtaining a job, other studies have found it has no effect and still other studies have found that a high school diploma assists young white men but not members of other demographic groups.[36]

---

undocumented population. Increasing numbers of aliens from other nations than Mexico are also entering different parts of the U.S. particularly the northeast and midwest. Thus, in addition to the southwest, large concentrations of undocumented workers apparently can be found in New York City, Maine, Detroit, and in the San Francisco Bay area. Recently, there has been a relatively rapid expansion of this group in other major urban areas from California to the Connecticut-New Jersey area as well. This expansion reportedly is centered in manufacturing and in the service fields, particularly hotels and restaurants.

[35] This issue is taken up again in Chapter 6, in which education program experiences related to youth employability are reviewed.

[36] Researchers who found that a high school diploma lowers the probability of unemployment are Jerome Johnston and Jerald Bachman, *The Transition from High*

In any case, it is difficult to argue that a lack of schooling is responsible for the deterioration in the employment prospects of minority youth since their educational attainment has been rising rapidly. Between 1970 and 1977 the proportion of the population, aged 25 to 29, with a high school degree increased from 66 to 87 percent among whites and from 38 to 74 percent among blacks. It is, of course, possible that achievement among minority youth (as distinct from attainment) lags behind that of whites and that this differential is partially the cause of their current employment problems. Still, there is no evidence that differences in achievement levels have widened over the decade and thus explain the worsening employment situation of minority young people.[37]

Work Experience

Among noncollege youth, being employed while in school is associated with a lower probability of unemployment during the period shortly following school attendance.[38] Several explanations for this have been proposed. Through employment while in school, young people may acquire useful skills or learn about the "world of work"—how to behave and how to dress for a job interview. They may also gain references which reduce a potential employer's hiring risks, or establish a network of job contacts which is useful when full-time, full-year employment is desired. Finally, it has been suggested that young people who work during their school years may simply be a more ambitious and highly motivated group and that their later employability reflects these particular personal characteristics rather than their previous employment. Recent research indicates that the

---

School to Work: The Work Attitudes and Early Occupational Experiences of Young Men (Ann Arbor: University of Michigan Institute for Social Research, 1973). Some of the research which found no effect on unemployment of a high school diploma includes Leigh and Rawlins; Herbert Parnes and Andrew Kohen, "Labor Market Experience on Non-College Youth: A Longitudinal Analysis," in *From School to Work: Improving the Transition* (Washington, D.C: NCMP, 1976); and Stanley Stephenson, "The Transition from School to Work with Job Search Implications," in U.S. Department of Labor, *Conference Report on Youth Unemployment: Its Measurement and Meaning*, (Washington, D.C.: U.S. Department of Labor, 1978). Results which differed by demographic group were obtained by, for example, Paul Andrisani, *Work Attitudes and Labor Market Experience*, (New York: Praeger Press, 1978).

[37] James P. Smith and Finis R. Welch, "Black-White Male Wage Ratios: 1960-70," *American Economic Review*, Vol. 67, No. 3 (June 1977). See also the discussion in Chapter 6.

[38] Johnston and Bachman; Eileen Appelbaum and Ross Koppel, "The Impact of Work Attitudes Formed Prior to Labor Market Entry on the Process of Early Labor Market Attainment," in Andrisani (1978); Stanley Stephenson, "The Short Run Employment Conseqences of Work Experience While in School," paper prepared for the National Commission for Employment Policy (December 1979).

explanation may be even more straightforward than the above hypotheses would suggest. Namely, youth who are employed part-time during the school year typically move into full-time positions with the **same employer** after they leave school.[39]

Within the already-experienced labor force of young men, years of job tenure are important in reducing the likelihood of unemployment when the national unemployment rate is rising and layoffs are occurring throughout the economy.[40] Indeed, the lack of seniority among young people is one of the reasons for the cyclical sensitivity of their unemployment during economic downturns. However, even when the national unemployment rate is low and few layoffs are occurring, it appears that job tenure does not reduce the likelihood of a layoff among young black men.[41] One reason is that black youth are concentrated in occupations and industries which even in "good times" provide unstable job opportunities. In fact, a considerable part of youth labor market problems arises because the jobs youth (and especially minority youth) hold are disproportionately low skill. Such jobs require little investment (in the form of recruitment or training costs) on the part of employers, and employees feel free to quit, knowing that another "dead-end" job will be easy to find. Thus, work experience may be no protection against unemployment if it does not involve on-the-job training.

Attitudes

Employers, whether or not they are looking for workers with special skills, do want their employees to have certain attitudes and work habits. Such characteristics as a neat appearance, a respectful demeanor, an interest in the type of work a firm is doing, and a general alertness are found to be important in the hiring decisions of employers.[42] As reasons for not hiring youth, employers frequently cite immaturity, instability and high turnover.[43] Of course, it may be that a vicious circle occurs: youth are confined to low-paid, dead-end jobs on the grounds that they are too irresponsible and unreliable for skilled ones. When they are then absent, or quit in disgust, the circle is complete; they have proven their unreliability.

---

[39] Stephenson (December 1979). The long-term effects of nonwork while in school are discussed in Chapter 3. Surveys of firms do indicate that experience, particularly in the same or a related occupation, is a preferred characteristic among job applicants. See Diamond and Bedrosian.

[40] John Grasso, "Dimensions of Youth Unemployment," in U.S. Department of Labor, *Career Thresholds*, Vol. VI (Washington, D.C.: U.S. Department of Labor). Osterman (1978).

[41] Flanagan (Spring 1978).

[42] Lynton et al.; Paul Osterman, "Youth Labor Market Structure," No. 26 (Boston: Boston University, Department of Economics, November 1978).

[43] Diamond and Bedrosian; U.S. Bureau of Labor Statistics, *Youth Unemployment and Minimum Wages*, Bulletin 1657 (Washington, D.C.: U.S. Government Printing Office, 1970).

Alternatively, it may be that employer perceptions of youth behavior are largely accurate and that the kinds of jobs youth hold reflect their own preferences. For the most part, unburdened by family responsibilities, young people may choose a lifestyle that maximizes leisure time, working primarily because they require income for specific purposes, because they are urged to do so by their parents or because they value the social interaction. According to this view, youth pass through a "moratorium period" which naturally subsides as they mature.[44]

While it is clear that employers view young applicants with some suspicion, there is little direct evidence on youth attitudes. That which exists suggests that the view of youth as uncommitted and unreliable workers is overstated. Controlling for the occupations in which people are employed, there are virtually no differences by age in absenteeism nor in views on what makes a job attractive. For instance, both youth and adults "desire to do meaningful things," "want intellectual stimulation," and "a chance for personal growth."[45] At the same time, those who operate youth programs in the field consistently report that young people are more motivated by the wages or stipends they receive than by any other aspect of their employment.

Willingness to Accept a Job

One of the reasons suggested for unemployment among youth is their unwillingness to accept employment at the going wage. According to this view some proportion of youth unemployment is "voluntary" because available jobs are rejected.

The willingness to accept a job offer depends largely upon the attractiveness of the offer (e.g., wages, working conditions and prospects for the future) compared to actual or perceived alternative opportunities. An individual's estimate of the worth of his or her alternative uses of time is called the "reservation wage." Youth unemployment may occur if their reservation wages are higher than the wages they can actually command in the labor market.

---

[44] Paul Osterman, "The Structure of the Labor Market for Young Men" (Boston: Boston University, Department of Economics, undated).

[45] For some of the research in this area see Andrisani (1978); Sue Berryman, "Youth Unemployment and Career Education: Reasonable Expectations," *Public Policy*, Vol. 26, No. 1 (Winter 1978); and Patricia Miller and William Simon, "Do Youth Really Want to Work?" in U.S. Department of Labor, *Supplementary Papers from the Conference on Youth Unemployment: Its Measurement and Meaning* (Washington, D.C.: U.S. Department of Labor, 1978).

Empirical evidence on the reservation wages of young people is sketchy at best. One kind of evidence which supports the contention that unwillingness to accept a job is **not** a major source of youth unemployment is that youth typically take the first job they are offered. One study found that 78 percent of successful young job seekers took the first job offered.[46] Another study found that 90 percent of both black and white male job seekers took the first job offered and that the reservation wage of youth adjusts downward the longer they search for work.[47] These studies, however, are based on limited samples and their general validity has not been established.

On the other hand, there is some evidence that young people's reservation wages, as manifested by their occupational aspirations, may be too high. One study found that 59 percent of young white males and 52 percent of young black males aspire to professional or technical careers, while only 15 percent of all employed males work in these fields.[48]

There is also limited evidence to support differences in attitudes between minority and white youth toward the acceptance of lowpaying menial jobs. One study reports that the wage expectations of blacks aged 16-19 were 15 cents per hour higher than whites of the same age and more than 30 cents higher than what they earned at their last job.[49] As one author described the situation, "But for the inner city black youth with high aspirations and real doubts about his prospects in the labor market [low-wage] jobs are very easily viewed as 'deadend,' offering the spector of a permanent position at the bottom of the social order."[50]

Reservation wages may be high too because of the existence of alternative sources of income. Employment in the subeconomy—for instance, fencing stolen merchandise, hustling, pimping or trafficking in drugs—is one such source. It has been suggested that the subeconomy is a major source of income for young men in urban centers.[51]

---

[46] Osterman (November 1978); see also Hylan Lewis et al., *Improving Employment Opportunities for Female Black Teenagers in New York City* (Washington, D.C.: U.S. Department of Labor, Employment and Training Administration, 1977).

[47] Stanley Stephenson, "The Economics of Youth Job Search Behavior," *Review of Economics and Statistics*, Vol. LVIII, No. 1 (February 1979).

[48] John Grasso and John Shea, *Vocational Education and Training: Impact on Youth* (Berkeley: The Carnegie Council on Policy Studies in Higher Education, 1979); see also Andrew Silk, "Is It Me or the System?—The Ambivalence of Youth Unemployment," Internal Report, Edna McConnell Clark Foundation (November 1978).

[49] Paul D. Flaim and Paul M. Ryscavage, "Lowering Youth Unemployment: How Much and At What Cost?" in U.S. Department of Labor, *Conference on Youth Unemployment: Its Measurement and Meaning* (1978).

[50] E. Anderson in Anderson and Sawhill (1980).

Welfare and other income maintenance payments are a second source of income that may reduce the willingness of youth to work. While relatively few teenagers receive unemployment benefits,[52] teenagers may be affected by the transfer payments available to other family members. The evidence on this issue is mixed. One study found that increases in nonearned income reduce work effort among 20 to 24 year old men and women by only small amounts.[53] In contrast, a study of the Seattle and Denver income maintenance experiments found significant reductions in work effort among youth who do not head families and these reductions were related to the receipt of income transfers.[54]

4. Labor Market Transitions

One reason that youth have higher unemployment rates than adults is simply because they are more likely to be new entrants to the labor force and to move frequently among employers before settling down into a more permanent career. In 1977, for example, about 70 percent of unemployed teenagers but only about 40 percent of unemployed adults, had recently (re)entered the labor force. Also in that year about one-third of 16-24 year old men, in contrast to about one-quarter of older men (25-44), worked for more than one employer. Still, a spell of unemployment need not accompany labor force (re)entry or job changing. A person out of the labor force may hear of a job and become employed without ever having actively sought work. In addition, there is evidence (cited below) that many workers move into the labor force and between employers without becoming unemployed.

A major part of the black/white differential in unemployment can be traced to the difficulty that minority youth have in making successful transitions, either into the labor force or between employers. Black youth are less likely to find a job without active search; that is, they are less likely to move directly from being out of the labor force to being employed. Also, while black youth are no more likely to quit a job than whites, they are more likely to quit into unemployment. Finally, once unemployed, young blacks spend a longer time than young whites searching for work.[55]

---

[51] Paul Bullock, *Aspiration vs. Opportunity, "Careers" in the Inner City* (Ann Arbor: Institute of Labor and Industrial Relations, 1972).

[52] In the May 1976 Current Population Survey, only 10 percent of unemployment out-of-school male teenagers were reported to be receiving unemployment insurance benefits.

[53] Stanley Masters and Irvin Garfinkel, *Estimating the Labor Supply Effects of Income-Maintenance Alternatives* (New York: Academic Press, 1977). This study was based on the 1967 Survey of Economic Opportunity and the 1972 Panel Study of Income Dynamics.

[54] Richard W. West, *The Effects of the Seattle and Denver Income Maintenance Experiments on the Labor Supply of Young Nonheads*, paper prepared for the U.S. Department of Health, Education and Welfare (June 1978).

Whether a young person becomes unemployed, or remains unemployed, depends in part upon the amount and quality of the labor market information that he or she has at hand. Clearly, even if youth have no employability problems, they must know where and how to look for work. There is good evidence that minority youth and persons from low-income families tend to use **job search mechanisms** that differ from their white/nonpoor counterparts. They rely more on formal mechanisms, such as want-ads and public employment services; by contrast, white youth and persons with higher incomes use "informal methods," such as contacting employers directly or asking friends and relatives about available opportunities.[56] At the same time, surveys of persons and of firms indicate that the most effective means of looking for work is by direct application to the employer or by contacting friends or relatives.[57] Of course, simply altering the job search methods used by minority and low-income youth will not necessarily be sufficient to reduce their unemployment. Certainly the use of friends or relatives, for example, is only as effective as the knowledge of the labor market that those friends and relatives have.

Some portion of the unemployment differential between age groups, and within the youth population between the races may also be attributable to young people's lack of occupational information.

---

[55] See Osterman (1978); Ronald Ehrenberg, "The Demographic Structure of Unemployment Rates and Labor Market Transition Probabilities," paper prepared for the NCEP (February 1979); John Antos and Wesley Mellow, *The Youth Labor Market: A Dynamic Overview* (Washington, D.C.: U.S. Department of Labor, 1978); Kim Clark and Lawrence Summers, *The Demographic Composition of Cyclical Variations in Employment* (Washington, D.C.: U.S. Department of Labor, Office of the Assistant Secretary of Policy, Evaluation and Research, 1979).

[56] For example, in the National Longitudinal Surveys, 16 percent of black young men but 10 percent of whites use a public employment agency; and 40 percent of the whites, but 22 percent of the blacks contacted employers directly (U.S. Department of Labor, *Career Thresholds*, Vol. 1 [Washington, D.C.: U.S. Department of Labor]). See also, Leigh and Rawlins; Bullock; Osterman (November 1978).

[57] See Harvey Hilaski, "How Poverty Area Residents Look for Work," *Monthly Labor Review*, Vol. 94, No. 3 (March 1971); National Chamber Forecast and Survey Center, "A Survey of Federal Employment and Training Programs," (Washington, D.C.: U.S. Chamber of Commerce, 1978).

Employers indicate that they prefer to hire people who have some basic knowledge and interest in the type of work for which they are applying. Employers also indicate that young people have misconceptions about alternative occupations.[58] National surveys of youth report similar findings: young people have little understanding of various occupations, the job tasks embodied in them and their educational requirements. The problem is particularly severe among black youth.[59]

But the extent to which a lack of occupational information is responsible for unemployment problems among youth has not been determined. Researchers have not found that better occupational information reduces the likelihood of unemployment and there is only sketchy evidence that it reduces the duration of the job search period.[60]

5. Conclusions

At the outset of this chapter three questions were posed regarding unemployment among young people. Why is their unemployment rate higher than that of adults? Among youth, why does the minority population experience greater problems than the white population and finally, why have the racial differentials in employment and unemployment been worsening over the past decade? The evidence on these issues indicates that there are no simple answers to these questions.

Whether one wishes to stress preparation for work while in school or access to jobs later on, it is clear that not all youth are likely to experience difficulties. Many young people make the transition to adult roles quite successfully; a substantial proportion of youth unemployment reflects their movement from school to work as well as their natural tendency to move from job to job. But some youth unemployment is also the result of the failure of the economy to expand sufficiently to absorb all new entrants into the labor force. To the extent that existing jobs are reserved for their incumbents on the basis of seniority, the problem of absorbing new entrants is intensified.

---

[58] See, for example, Lynton et al.

[59] On an occupational information test that was administered, 44 percent of the white male high school graduates received a high score, but only 12 percent of the black men received such a score. Among female high school graduates, comparable figures for white and blacks were 45 and 22 percent, respectively; U.S. Department of Labor, *Career Thresholds*, Vol. I; U.S. Department of Labor, *Years for Decision*, Vol. II (Washington, D.C.: U.S. Department of Labor, 1971). See also Phyllis Wallace, *Unemployment Among Black Teenage Females in Urban Poverty Neighborhoods* (Washington, D.C.: U.S. Department of Labor, Manpower Administration, June 1972).

[60] U.S. Department of Labor, *Career Thresholds*, Vol. III (Washington, D.C.: U.S. Department of Labor); Parnes and Kohen.

The current experience and historical trends found for minority youth are not fully understood. Over the past several decades there has been a confluence of events that seems to have affected their labor market position. First, part of the widening employment gap between black and white youth is due to the increasing number of black youth who are enrolled in school. In addition, there have been shifts in the industrial structure of the economy that have eliminated jobs in which minority youth were disproportionately employed. This trend has been exacerbated by an increasing supply of white youth (and possibly older women and undocumented workers) from whom employers could also choose their new workers. Concomitant increases in legal and social minimum wages, along with fear of being found in violation of antidiscrimination laws, may also have made employers increasingly reluctant to hire black youth. Finally, the aspirations and expectations of black youth may have been increasing at a more rapid pace than their qualifications.

As with these long-term trends, there appears to be no one cause of the employment difficulties of today's minority youth. Relative to their white counterparts, these young people have educational deficits. They also do not have access to the informal contacts which help people secure good jobs. Finally, problems of discrimination continue. Subjective evaluations play an important role in hiring decisions and it appears that similarly qualified minority and white youth are not treated in a similar fashion.

Chapter 3:
The Consequences of Youth's Experience in the Labor Market

While the preceding chapter documented the nature of the problems which youth face in the labor market and some of the reasons for their high unemployment, it stopped short of addressing why society should be particularly concerned about the issue. In fact, many have argued that youth unemployment is not a particularly serious problem; rather it is a natural part of the transition from school to work and settling down into a relatively permanent job. The last chapter indicated that not all youth are equally "at risk": some groups make this transition more easily than others, and it would be unwise to generalize about the seriousness of the problem. Also, since virtually all groups' unemployment rates fall sharply as they age, it seems reasonable to ask whether there really is a "youth labor market problem." Apart from some immediate loss of output and income, should youth unemployment be a cause for concern?

This chapter addresses this issue by examining evidence on the longer-run consequences of being out of work during one's adolescent years. The discussion is organized around those outcomes which are economic (employment and earnings), those which are psychological (attitudes), and those which are social (crime, early childbearing). In each case, labor market problems may directly affect the individual and they may also impose costs on others. The case for government intervention is particularly strong where there are collective, as well as individual, consequences to be considered.

A. Economic Consequences

It is apparent that involuntary joblessness represents an immediate economic cost in terms of earnings foregone.[1] Recent research has attempted to determine if there are longer-term economic consequences as well. This work has investigated the connections between a youth's current employment and unemployment experience on the one hand, and his/her future employment and earnings on the other.

It is not difficult to document a correlation between early labor market difficulties and later joblessness and low earnings. Until recently, however, it has been very difficult to determine whether the early difficulties **cause** the later ones ("scarring effects"), or whether some third factor (e.g., family background, motivation, ability) is simultaneously responsible for both ("signalling"). This has been an important issue because it affects the strength of the argument for targeting job creation efforts on youth. If there is clear evidence of "scarring," then targeting resources on unemployed youth has long-term, as well as immediate, payoffs. We turn now to a review of the evidence.

To begin with, it has been found that extensive unemployment in one year is highly predictive of unemployment in the next year. Youth with 15 or more weeks of unemployment in 1977 had an unemployment rate in March of 1978 that was at least 4 times the unemployment rate found among youth without previous unemployment.[2] At the same time, other research has found that, among young men at least, an early spell of unemployment is **not causally** related to the later unemployment.[3]

In a similar vein, **nonwork** in one year is highly predictive of nonwork in the following year,[4] but for young men any causal connection is short lived. An extended period without work in the first year after leaving school has been found to reduce the amount of employment in the following year, but the effect diminishes sharply thereafter.[5] By contrast, among women being without employment in the first years after leaving school does seem to be causally related to not working during adulthood.[6]

---

[1] One study estimated that the mean earnings loss because of unemployment in May 1976 was about $100 per week for young men and $85 for young women between the age of 16 and 19. Among men and women 20-24 the mean weekly earnings loss was estimated at $158 and $135, respectively. See Paul Ryscavage and Curtis Gilroy, "Earnings Foregone by the Unemployed," in *Proceedings of the Business and Economics Section* (American Statistical Association, 1977).

[2] Robert Lerman et al., *Concepts and Measures of Structural Unemployment* (Washington, D.C.: U.S. Department of Labor, 1979).

[3] David Ellwood, "Teenage Unemployment: Permanent Scars or Temporary Blemishes?" paper presented to the National Bureau of Economic Research Conference on Youth Unemployment, Airlie, Virginia, May 1979.

[4] Adele Harrell and Philip Wirtz, "An Analysis of the Antecedents of Youth Unemployment," paper prepared for the NCEP, August 1979; Robert Meyer and David Wise, "High School Preparation and Early Labor Force Experience," paper presented to the National Bureau of Economic Research Conference on Youth Unemployment, Airlie, Virginia, May 1979.

For both sexes, the effect of joblessness on **earnings** is also short-lived if that joblessness occurs during the schooling years. In the first year after leaving high school, youth who have already been employed receive higher wages than those without such experience;[7] but, five or six years later, there seems to be no difference in the annual earnings of the two groups.[8]

Research findings on the earnings impact of joblessness **after** leaving school are quite different. While the precise magnitude of the effect has not been determined, being out of work in the initial period after leaving school appears to be an important cause of relatively low earnings during the adult years.[9] The effect remains after adjusting for individual differences that could simultaneously explain both early and later success in the work place.

This is not to say that brief spells of nonwork—or unemployment—necessarily have long-term deleterious effects. The evidence suggests that **some** time spent looking for work may ultimately result in higher wages. Rather, it is **lengthy** periods of nonwork that have a long-term, negative impact on earnings.[10]

B. Psychological Consequences

At the beginning of their labor market careers, young people are committed to the world of work and, like older workers, they "desire to do meaningful things," want "intellectual stimulation" and "new challenges" from their jobs. Moreover, the occupational status of the jobs to which they aspire is high—too high perhaps given their levels of education and the status of their current jobs.[11]

---

[5] Ellwood.

[6] Mary Corcoran, "The Employment, Wage and Fertility Consequences of Teenage Women's Non-Employment," paper presented to the National Bureau of Economic Research Conference on Youth Unemployment, Airlie, Virginia, May 1979.

[7] Meyer and Wise.

[8] Wayne Stevenson, "The Transition from School to Work," in *The Lingering Crisis of Youth Unemployment*, edited by A.V. Adams and G.L. Mangum (Kalamazoo: W.W. Upjohn Institute for Employment Research, June 1978).

[9] Ellwood; Corcoran.

[10] Brian Becker and Stephen Hill, "Teenage Unemployment: Some Evidence of the Long-Run Effects on Wages" (Washington, D.C.: U.S. Department of Labor, Employment and Training Administration, undated).

One of the first consequences of a poor labor market experience shortly after leaving high school is a downward revision in aspirations.[12] Among women, holding a low-skill job (such as being a service worker or an operative), or moving into one from a white collar job, is associated with a change in labor market plans for the future. Controlling for other factors, these young women are more likely to decide that they no longer plan on working in later years.

Young men, after leaving high school, experience unemployment, or hold jobs in which there are few chances for upgrading, revise their **occupational aspirations** for the future **downward.** Simultaneously, the occupational ambitions of otherwise comparable young men who do not experience unemployment, or whose initial job includes favorable prospects for the future, are **raised.** Of course, the implications of these differential outcomes are not totally clear: while it seems likely that some youth are being discouraged, it is also possible that some youth are simply becoming more realistic.

At the same time that these young men's occupational aspirations are being lowered, their commitment to the labor market changes little because of unemployment or low-wage jobs. Having had either of these labor market experiences does have some negative short-run effect on their commitment to work, but it does not last into the adult years.

Finally, one of the most important ways a lack of success in the job market can affect individuals psychologically is by lowering their sense of self-confidence. In the short-run, both unemployment and (relatively) low earnings soon after leaving school have this impact.[13] However, while the impact of joblessness on self-confidence diminishes over time, the effect of low wages persists into adulthood. Moreover, the research suggests a vicious circle exists; other things being equal, individuals who lack self-confidence have less subsequent success in the labor market (increases in earnings and occupational status) than their more confident peers.[14]

---

[11] Paul Andrisani, "Effects of Unfavorable Labor Market Experiences on the Work Related Attitudes of Youth," paper prepared for the NCEP, December 1979. See also the discussion in Chapter 2 under the heading "Willingness to Work."

[12] Unless otherwise noted, the research findings reported in this section are based on Andrisani's paper prepared for the NCEP. This work examined the effect of a variety of labor market experiences (such as unemployment, low-wage jobs, occupation and industry of employment) among out-of-school youth on their attitudes several years later. To date, the attitudinal consequences of labor market problems while in high school have not been researched.

[13] Young men who were in the military, but not commissioned officers, during the last years of the Vietnam conflict were also found to have a lowered sense of self-confidence. The research indicates that this feeling continued into their early adult years.

C. Social Consequences

In addition to being a possible source of long-term economic and psychological problems for the individual, youth unemployment is also believed to be a cause of such social problems as crime and very early childbearing.

There are several reasons for expecting youth with poor labor market prospects to engage in illegal activities. Such activities can provide both a source of income and a source of status among peers. Engaging in illegal activities may also relieve the boredom associated with joblessness or the tediousness associated with holding a dead-end, low-paying job. Finally, when no other avenue is open, acts of violence can provide a means of venting frustrations against society.

Several studies have shown that **all** of these reasons are important in understanding the sources of youth crime.[15] What is missing is documentation of **direct causal links** between various labor market problems and illegal activities. Some studies have shown that more crimes are committed in high unemployment areas and when the national unemployment rate is high. Other studies have shown that the incidence of crime is greater in low-income areas. But the literature has not shown that, for an individual youth, there is a causal relationship between joblessness and low wages on the one hand, and crime on the other. Nevertheless, the evidence is persuasive that an environment which consists of unemployment, low-wage jobs and few prospects for future improvement is conducive to youth crime. Moreover, some government programs which have provided employment and training opportunities seem to have been successful in reducing the likelihood of committing a first crime and in reducing recidivism. (See the review of the Jobs Corps in Chapter 7.)

At the same time, it is important to note that for some young people the availability of jobs may have little to do with their probability of engaging in crime. For them, difficulties in the labor market and crime seem to go hand-in-hand: joblessness, low-wages, and criminal activities are symptoms of other problems. These other problems may begin in school, in the home, or in the community and cannot be addressed through job opportunities alone.[16]

---

[14] See Andrisani (1978).

[15] See Anderson in Anderson and Sawhill (1980); Bullock; Silk; Paul Barton, "Juvenile Delinquency, Work, and Education" (Washington, D.C.: U.S. National Manpower Institute, August 1976); Daniel Glaser, "Economic and Sociocultural Variables Affecting Rates of Youth Unemployment, Delinquency and Crime," in *Conference Report on Youth Unemployment: Its Measurement and Meaning* (Washington, D.C.: U.S. Department of Labor, 1978).

While crime is a problem principally among young men, early childbearing constitutes a problem for young women, particularly those who are 16 or younger. Teenage motherhood can be viewed both as a consequence of early labor market problems and as a cause of later ones. A study of youth eligible for the entitlement program (i.e., individuals who are 16-19 years old, economically disadvantaged, and with less than a high school education) found that 26 percent of the eligible females had at least one child.[17]

Research on this topic has documented the individual and social costs associated with adolescent childbearing. Women who have children in their early to midteen years are less likely to complete their education and are more likely to have larger families. In turn, these factors work to reduce their participation in the labor force and to increase their likelihood of welfare dependency.[18] One study estimated that of the women receiving AFDC payments in 1975, 61 percent had had children while they were in their teens. About 50 percent of the total monies expended on AFDC in that year (or about 4.45 billion dollars) went to households in which the mother had borne a child before she was twenty.[19] Moreover, even when teenage mothers are later employed, their lack of education still ensures that their occupational status and earnings will be low.[20]

Finally, women who become pregnant when they are young do not always find that marriage is a solution to their economic problems. In some cases the women report that the fathers (also often teenagers) are too unstable to make good partners. When marriage does occur, divorce is a frequent outcome.[21]

---

[16] See particularly Barton, and Glaser.

[17] Suzanne Barclay et al., *Schooling and Work Among Youths from Low-Income Households: A Baseline Report from the Entitlement Demonstration* (New York: Manpower Development Research Corporation, May 1979).

[18] Sandra Hofferth et al., *The Consequences of Age at First Childbirth: Labor Force Participation and Earnings* (Washington, D.C: The Urban Institute, August 1978).

[19] Kristen Moore, "The Economic Consequences of Teenage Childbearing," Testimony before the U.S. House of Representatives Select Committee on Population, February 28, 1978.

[20] Hofferth et al.

[21] Helen Koo et al., "Long-Term Marital Disruption, Fertility and Socioeconomic Achievement Associated with Adolescent Childbearing" (Chapel Hill: The Carolina Population Center, April 1978); Harriet Presser, "Sally's Corner: Coping with

While the consequences of teenage motherhood are reasonably clear, little or no research exists on the extent to which labor market problems among young women, or their male peers, contribute to early childbearing. We can only sketch the likely linkages. First, the incidence of teenage motherhood depends not only on the probability of pregnancy but also on the decision to keep the child. The best evidence to date suggests that the vast majority (81 percent) of teenage pregnancies are unplanned.[22] The great majority of these women who do not plan to have a child later regret the timing of their motherhood. Secondly, the failure to control this timing appears to be based as much on "indifference toward pregnancy" as on a lack of information about how to prevent it. This indifference, in turn, may well be related to a perception that few benefits will accrue from more education, more work experience, and a decision to delay motherhood.

D. Conclusions

High-quality research on the consequences of youth unemployment is scarce and most of it has only recently become available. Much of the earlier work was marred by a failure to distinguish carefully between correlation, on the one hand, and causation, on the other. Nevertheless, the following conclusions seem warranted:

First, for both men and women, being out of work during the initial period **after leaving school** reduces earnings during adulthood. In addition, among women it reduces the likelihood that they will continue to work at all. Similar consequences do not befall those who are unemployed **while in school.**

Second, unemployment or working in a low-wage job after leaving school is associated with a downward revision in occupational aspirations among young men and with a decision not to continue working among young women. In addition, there is some evidence that unfavorable labor market experiences (especially low wages) also undermine self-confidence and that a lack of self-confidence, in turn, has a direct and negative impact on subsequent earnings and occupational status.

Unmarried Motherhood," paper presented to the American Sociological Association, San Francisco, September 4-7, 1978.

[22] Harriet Presser, "Early Motherhood: Ignorance or Bliss?" *Family Planning Perspectives*, Vol. 6, No. 1 (Winter 1974).

Finally, while the links between youth unemployment, on the one hand, and crime and early childbearing, on the other, are less well documented, it is quite reasonable to expect that a relationship exists. Moreover, interesting new evidence on the experience of young enrollees in the Job Corps suggests that providing employment and training opportunities can reduce antisocial behavior.

Taken together, these findings suggest that there are long-term payoffs to increasing the labor market opportunities of youth.

Chapter 4:
Goals and Priorities

The preceding chapters found that some youth face serious problems in their early encounters with the labor market and end up with serious cumulative deficits in terms of years of education and labor market experience by the time the majority have settled into stable adult work roles. The remainder of this report examines the policy implications of these findings. First, however, it is necessary to clarify what it is that federal youth labor market policies should be trying to achieve and, given scarce resources, who should have priority. The resolution of these issues involves a number of societal value judgments that are best made within a political arena. But the debate can be more productive if the participants have a clear understanding of the issues.

The key questions around which this chapter is organized are:

—What should be the goals of youth labor market policies?

—What priority should be given to youth relative to adult labor market problems?

—Within the youth population, who should receive priority attention?

Once these issues are resolved, then the strategies for achieving goals and the design of effective programs to implement those strategies can be considered. These topics are the subjects of the chapters that follow.

A. Employment vs. Employability Development

Youth labor market programs can and do serve a large number of specific purposes. But there are two fundamental policy goals for youth in the labor market and the two may lead to very different kinds of programs.

The first goal is to provide **employment.** The "crisis" of the youth labor market is often described in terms of high unemployment rates and low employment rates for youth in general and for minority youth in particular. The provision of more jobs for youth is seen as a way of providing income, work experience, and social participation for the jobless youth themselves and, perhaps, some output, reduction in transfer payments, and anticrime and riot insurance for the rest of society. Success or failure in achieving the employment goal is measured by the conventional employment and unemployment statistics.

The second goal is to provide experiences that will improve the long-term **employability** of young people. These experiences may involve education, training, employment, or other learning activities to prepare for subsequent productive and rewarding labor market participation. Here the activities of youth are evaluated as an investment that leads to higher lifetime earnings, productivity, and employment, rather than in terms of their immediate impact. Success or failure is more difficult to measure since the anticipated outcomes are in the future. Early indicators include educational attainment and test scores that measure whether the individual at least has the knowledge or skill that is thought to be linked to subsequent employment and earnings growth. Developing longer-term indicators of success, such as lifetime earnings, requires longitudinal data which are rarely available.

No one would argue against the worthiness of providing employment to youth who seek work or of improving their employability. But neither can be achieved for free and the pursuit of one goal could even be at the expense of the other. This tradeoff could exist for three reasons. First, given scarce resources, the more **money** spent on pure job creation, the less can be spent for development outside of the work environment or enrichment of the work experience itself. Second, the **time** spent by the youth themselves in employment reduces the amount of time available for other activities, including education and training. Third, pursuit of the employment goal by the federal government may provide an **incentive** to some youth to drop out of school in order to take the jobs that become available.

In the past, the major emphasis of federal employment and training programs for youth has been on employment. Educators, on the other hand, have tended to emphasize employability and have shown less concern for the immediate employment problems of the young people they serve.

What is the appropriate balance between the two goals? The answer depends partly on the age and situation of the individual being served. It is tempting to dismiss the high unemployment rates of youth as nothing more than the normal symptoms of transition to adulthood. Many people need time to settle down. Indeed, there is serious question about the accuracy and relevance of the conventional unemployment statistics when applied to a group with marginal attachment to the labor force. The real question may not be whether they are employed or unemployed, but whether the activities in which the youth are engaged have long-term payoffs, for themselves and for society. For some youth, at some times in their lives the most important activity in which they can engage is education. The employment goal should be secondary and employment should be considered as a means of preparing the individual for subsequent roles, not as an end in itself.

Beyond some point, which is difficult to fix and which people reach at different ages, employment emerges as the more important goal. The minimum criterion for determining that that time has come is that the individual is capable of performing a productive role in the labor market if given the chance. Employability development should still be important, but it becomes secondary. One problem with the existing systems of education and employment is that each system tends to specialize, making it difficult for youth to make a gradual transition from the pursuit of employability development to the pursuit of employment.

As stated by the President of the Interstate Conference of Employment Security Agencies at a Commission field hearing:[1]

> Educators have long recognized that, in terms of learning academic subjects, there is a continuum of steps in a very long and complicated process called educational development... learning how to earn money requires a developmental process.
>
> The employability development process is similar to the educational process in that certain fundamental steps are first necessary before other, more complicated steps are undertaken. One has to learn, for example, what is involved in a job assignment before one can supervise others in that job...employment

---

[1] Glenn W. Nichols, testimony before the NCEP Youth Task Force, Los Angeles, California, June 14, 1979. Mr. Nichols is also the Director of the Idaho Department of Employment and Executive Director of the Idaho Manpower Consortium.

and training policy must recognize that at any one point in time a person can secure employment but the employability process continues.

Finally, it should be stressed that many young people today are ready, willing, and able to work and that their lack of employment is a loss to them and to the rest of society. In 1978, when the overall employment rate was 6 percent, the unemployment rate for labor force participants between the ages of 16 and 24 was 12.2 percent. The rates ranged from 41.7 percent for black females, ages 16-17, to 7.6 percent for white males, ages 20-24. As indicated in Figure 4-1, unemployment rates fall with age for every race-sex group suggesting that some fraction of youth joblessness reflects the normal process of school to work transition and job change early in one's career. However, what Figure 4-1 also indicates is (1) that the entire structure of unemployment rates was lower in 1969 (when the national unemployment rate was 3.5 percent) than in 1978 (when the national unemployment rate was 6.0 percent) and (2) that there are substantial racial differences (and some small sex differences) at every age. While setting numerical targets for youth unemployment and employment is an inherently arbitrary exercise, one possible goal for national policy would be to bring down each age-race-sex group's unemployment rate to the rate for white males of the same age in a high-employment year (1969). In 1978, this would have required at least 1.4 million more jobs for youth, of which nearly half would have been for black youth. The total youth employment gap was probably closer to two million, taking into account the labor force expansion that more jobs would induce.[2]

It is sometimes claimed that the employment deficit for youth will evaporate over the next decade as the size of the youth population declines. Between 1978 and 1990, there will be 5.8 million fewer people in the 16-24 age group and it is projected that the size of the youth labor force will shrink by between 0.5 and 3.3 million.[3] This will undoubtedly relieve some of the pent-up demand for youth jobs, making it easier to provide employment for a larger fraction of the young population. It may also induce employers to lower their standards and/or to provide on-the-job training as a means of meeting their employment requirements.

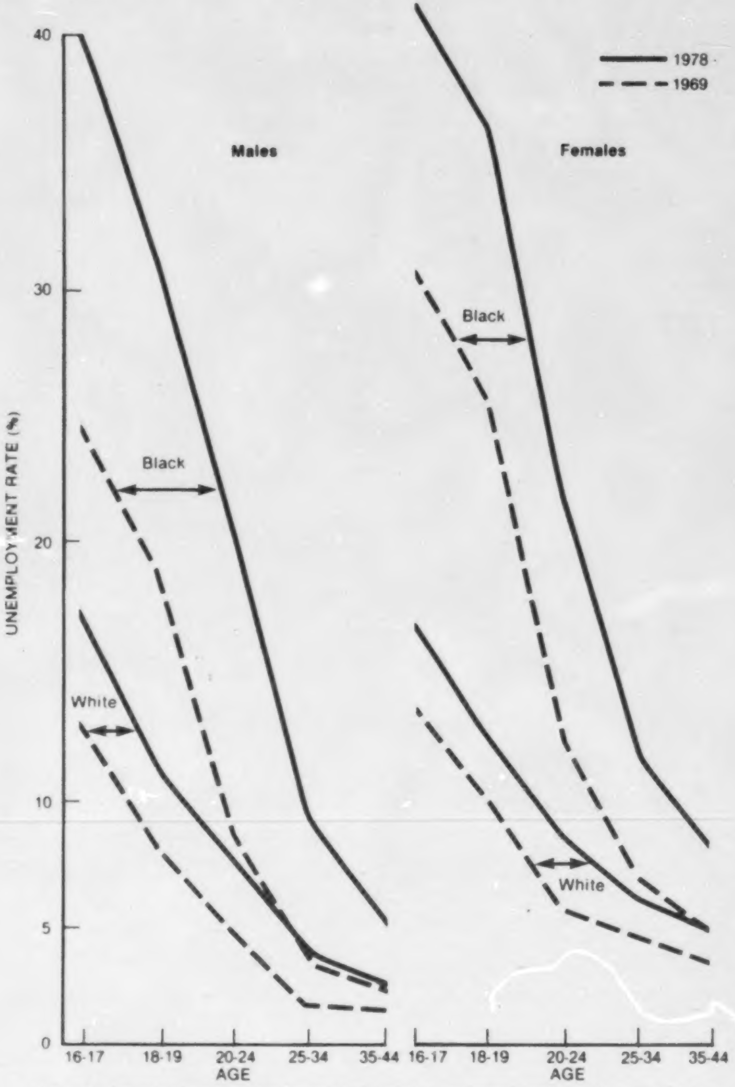
---

[2] This and the projections reported below are described in Ralph E. Smith, "Goals for National Youth Employment Policies," National Commission for Employment Policy Briefing Paper 7-6-79 (March 16, 1979).

[3] Based of the range of projections made by the Bureau of Labor Statistics (Flaim and Fullerton, 1978).

Figure 4-1

Unemployment Rates by Age, Sex, and Race, 1969 and 1978



SOURCES: Employment and Training Report of the President (1978), Table A-20, and Employment and Earnings (Jan. 1979), Table 3.

But it is doubtful that demographic changes will substantially diminish the need for youth-oriented policies. The projected decline in the size of the youth labor force is confined to white males, the group that already has the fewest labor market problems. The population of young blacks and Hispanics, and probably the number of them in the labor force, will not decline.[4] The expected continued growth in the labor force participation rates of young white women should offset the reduction in the size of this population, resulting in little, if any, decline in numbers in the labor force. All of these groups will be helped by the reduction in competition from young white males, but they must be in a position to take advantage of the situation. This could be an excellent opportunity for minority and female youth to become better integrated into the labor market. It becomes all the more important that they be provided the preparation that will permit them to take this opportunity.

B. Who Should be Served?

Once again the scarcity of federal resources requires that some difficult choices be made. Young people are not the only ones who can benefit from labor market policies to increase employment and employability. And, among young people, there are likely to be many more with a reasonable claim for assistance than can be served. The decisions ultimately involve political judgments made with incomplete information. These decisions should be based on an assessment of where the money will be most effective and where it is most needed.

It may be helpful to view the youth vs. adult choice within a longitudinal perspective. The tradeoff may really be between helping tomorrow's adults now or waiting for them to age. In pursuing the employment goal a case can be made for focusing on older people: they are more likely to be in need of income and to already have the necessary skills. Their foregone earnings and productivity are, on the average, much higher than those of youth.[5] On the other hand, they are also more likely to be eligible for unemployment insurance, since the work-history eligibility rules disqualify inexperienced job seekers. Also, the literature on "scarring", reviewed in Chapter 3, indicates that lack of employment among youth can lead to later problems which may cumulate over a lifetime. Finally, one suspects that any connection between joblessness and antisocial behavior weakens with age.

---

[4] The black population, age 16-24, in 1990 is projected to be about the same as in 1978; the labor force projections for this group range between a 300,000 decrease and an 800,000 increase. See Addendum A.

[5] Paul Ryscavage and Curtis Gilroy estimated that the mean earnings loss because of unemployment in May 1976 was about $100 per week among unemployed male teenagers, $158 for males between the ages of 20 to 24 and $218 for males age 25 to 54.

In pursuing the employability development goal, the case for helping people while they are young is based on the generally lower costs of doing so and the longer period over which they can benefit. On the other hand, some people may simply not be ready to learn until they have acquired a certain level of maturity or until the need for income becomes more pressing.

Even more difficult issues arise in choosing, from among a large number of youth who could benefit from various labor market programs, those who should receive priority. Some policies, such as macroeconomic stimulation, tend to benefit all youth, even though they may disproportionately benefit certain subgroups (for example, blacks). Other policies, such as enforcement of antidiscrimination laws, are inherently aimed at helping specific groups. The real choices that must be made are in programs such as CETA, in which there may be more youth than slots. Criteria must be used, explicitly or implicitly, to determine who is to be served.

At least three different types of criteria may be used in designing eligibility rules. First, targeting decisions may be based on **efficiency** considerations; that is, on the need to use scarce resources where they will produce the greatest individual or social benefits per dollar spent. (For example, there is some evidence that young women benefit more from institutional skills training than young men.) Second, targeting decisions may be based on notions of **fairness,** with resources being used to reduce social and economic inequities over which youth have no control, such as family income and race.[6] Third, targeting decisions can be used to provide **incentives** for people to change their behavior or act in socially approved ways. An example of this latter type of targeting is provided by the Youth Entitlement Program, which guarantees jobs to youth who are willing to remain in, or return to, school. Benefits are also conditioned on school performance and regular work attendance.

There are a number of difficulties in using these criteria to design and implement eligibility standards. The most obvious one is that the three arguments listed above lead to different rules and possibly the selection of different people: those who **can be helped** the most; those who **need help** the most; and those who, by their own behavior, clearly demonstrate a **desire to be helped.** Also, any rules that sort people into groups of eligibles and ineligibles are inherently arbitrary for the borderline cases and (if based on need) run the risk of stigmatizing the participants. One possible approach would be to first classify the youth population according to the kind of assistance which is most likely to be effective in meeting their needs, and then to target the assistance provided to each group on those who are the most disadvantaged and who conduct themselves in socially-approved ways.

---

[6] Estimates of the number and characteristics of youth from low-income families are provided in Addendum B.

Chapter 5: Policy Options for the 1980's

In this chapter the major policy options which might be used to increase youth employment and to provide experiences that will improve their long-term employability are presented and discussed. As background for this discussion, there are a number of conclusions based on the analysis in the preceding chapters which can be briefly summarized as follows:

- The majority of the population goes through the transition from youth to adulthood with few serious employment problems and comes out of it prepared for adult work roles.
- Some youth experience serious problems in the labor market and these problems persist into adulthood.
- The youth most likely to have employment and employability problems are those who come from economically-disadvantaged family backgrounds, are members of groups that have been subject to extensive discrimination, or have physical or mental disabilities.
- The population at risk is not likely to diminish significantly over the next decade.
- Policies to increase youth employment and employability will need to address a wide variety of problems; no one problem dominates.

The policy options presented here are grouped according to whether their intent is (1) to increase the number of jobs employers are willing to offer young people without changing the latter's qualifications; (2) to increase the qualifications of youth and thus their ability to compete for existing job offers; or (3) to improve the ability of youth to successfully negotiate the transition from school to work or from one job to another by providing them with more knowledge of where the jobs are and how to obtain them. Table 5-1 provides a range of policy options grouped under each of these three major strategies. If the problem is **mainly** one of inadequate job opportunities, then solutions should **not** be directed toward improving the employability of the younger generation. Conversely, if the problem is that youth are poorly qualified for the jobs that exist, then something should be done to improve their basic and vocational skills, their work habits, and experiences. Alternatively, if the problem is largely the inefficient ways in which youth search for and obtain jobs, then it is this process which should be given the most policy attention. Of course, the issue is further complicated by the fact that the problem may vary depending on which group of youth is being examined. Moreover, the alternatives are clearly not mutually exclusive. The diagnosis of the problem presented in Chapter 2 indicates that pursuit of all three strategies may be needed. Any new legislation should combine the best elements of each approach and remain sensitive to the diverse needs of different groups of young people.

The next three sections describe and assess each option, but a few general points should be kept in mind. First, these options are not an exhaustive set. For example, no explicit consideration is given to various social services (e.g., treatment for drug abuse, child care, and health services), to policies to restrict competition from women and older workers, or to various military and national service options. These were omitted largely because they were judged to be less effective or politically feasible or because they involved issues outside the expertise of the staff.

Second, most of the options are outcome, rather than process, oriented. They are intended to focus attention on what needs to be done. Once the several approaches are agreed upon, one still needs to determine how to implement them and what kinds of legislative and institutional changes are required.

Third, it can always be argued that a strategy for increasing the employability of youth will be ineffective if the jobs do not exist; that a strategy of increasing job availability will not work if the youth most in need of help are not prepared to work; and that improving matching mechanisms is futile if there are no jobs or employable youth to be matched. Each of these arguments is valid and underscores the importance of having all conditions met at the same time.

Table 5-1
Policy Options

A. Increasing the Number of Jobs for Youth
1. Stimulate the national economy
2. Create jobs (via wage subsidies or tax credits for public or private employers) targeted on young people, or on certain subgroups of young people, or on areas where these groups live
3. Reduce the minimum wage or create a youth differential in the minimum wage
4. Reduce discrimination against youth, especially minority youth, on the part of employers
5. Reduce competition for existing jobs by curbing the supply of undocumented workers

B. Increasing Employability
1. Increase basic educational competencies (reading, writing, arithmetic) and life coping skills
2. Increase specific occupational skills
3. Improve basic socialization and motivation for both education and work

C. Improving Labor Market Transitions
1. Increase young people's general knowledge of the world of work and of different career options
2. Provide young people with more specific information about job vacancies in their own local labor market
3. Teach young people how to search for and obtain a job

Finally, we recognize that during the next year or so the bleak economic outlook will tend to weigh heavily in most policy discussions. Hence, employability and matching strategies will be subject to the jobs-do-not-exist criticism. But it should be kept in mind that the subject of this report is the next generation of youth labor market policies, ones that will be in place beyond the current recession.

A. Increasing the Number of Jobs for Youth

The options considered in this section are based on the underlying premise that over the next decade there will be a substantial number of job-ready youth whose main problem is a lack of jobs. To help these youth will require, at a minimum, that measures be taken to increase total job opportunities or to increase the proportion of jobs that go to youth. The five options presented here would each do one or both, but involve quite different approaches, different anticipated impacts on the employability development of the youth who gain employment, and different kinds of costs imposed on the rest of society.

1. Stimulating the National Economy

The first—and most obvious—strategy for increasing the number of jobs for youth is to use monetary and fiscal policies to expand total job opportunities. A stimulative macroeconomic policy would be one which generates aggregate employment growth at least proportionate to expected labor force growth and, to the extent consistent with other goals, is used to lower the national unemployment rate. It is well established that stimulative macro policies can increase the aggregate demand for goods and services; that an increase in aggregate demand translates, with a lag, to an increase in aggregate employment; and that youth, including minority youth, share in the employment gains.

The strong bond between the overall state of the economy and youth unemployment and employment is illustrated by the cyclical behavior of youth unemployment during the past decade. During each of the two periods in which the nation's total unemployment rates rose (1969-71 and 1973-75) the youth unemployment rate rose by over 4 percentage points. In sharp contrast, during each of the two expansionsary periods (1971-1973 and 1975-1978), the youth unemployment rate fell by over 2 points. Likewise, the employment-population rate of youth declined during both recessions and increased during both expansions.

Black and Hispanic youth shared in these gains and losses. The cyclical sensitivity of black youth employment was sometimes overshadowed by the secular deterioration in their situation, but the two should not be confused. During the two recessionary periods, the unemployment rate of black youth rose by 4.5 and 7.5 percentage points. During the two periods of expansion, their unemployment rate fell by 1.6 and 1.8 points. Their employment rate followed a similar pattern. The data for Hispanic youth have only been available since 1973 and, therefore, only include one cycle of contraction and expansion. The same story can be told: in 1973-1975, their unemployment rate increased by 8.1 points and in 1975-1978 it fell by 6.6 points. These statistics, reinforced by econometric studies that cover a longer period, indicate that youth (un)employment is, in fact, more cyclically responsive than that of adults and that black youth (un)employment is more sensitive than that of white youth.[1]

This history also serves to illustrate the main problem with relying solely on macroeconomic policies to reduce the black-white unemployment differential even in good times: a wide gap remains. In 1969, when the national unemployment rate was only 3.5 percent, the rate for white youth was 7.4 percent and the rate for black youth was 15.5 percent. In view of the secular deterioriation in the position of blacks since that time, the gap associated with a low national unemployment rate would probably be much wider today.[2]

The impact of stimulative policies on the employability development of youth is not as well understood. In theory, it could be positive or negative. First, a strong labor market could help youth secure jobs that provide on-the-job training and career ladders. As firms have an increasingly difficult time recruiting and retaining skilled labor, one response is to train new entrants. At least one study has found that upgrading is more common in an economy with a low unemployment rate.[3] Another way a healthy economic environment can improve the employability of youth is by enabling more of them to acquire work experience and good employment records.[4] The negative argument is that some youth might be induced by the greater availability of jobs to curtail their education. Whether this would reduce their long-term earnings depends on whether the foregone education would have had a larger impact than the employment gained. This is an important issue in many of the policy discussions on youth employment, and we do not know the answer.

---

[1] Luckett and Flanagan (1979), Wachter (1979), Smith, Vanski, and Holt (1974). The Luckett-Flanagan estimates, for example, are that an increase of one percentage in the unemployment rate of males, ages 25-54, is associated with an approximately 1.5 point increase in the rate of white youth (ages 16-24) and 2.5 point increase in that of black youth. In addition, other studies have shown considerable labor force responsiveness by these groups to changes in aggregate demand.

[2] Luckett and Flanagan (1979) estimated significant positive unemployment rate trends for most groups of youth over the 1953-1978 period, with those for black youth being about triple those for white youth.

[3] Arthur Okun, "Upward Mobility in a High-Pressure Economy," *Brookings Papers on Economic Activity*, Vol. 1 (1973). Specifically, the industrial composition of employment shifts toward high-wage industries in a high-demand economy, and associated with this shift are "movements up the ladder" by youths and adults. It is not known whether these impacts last after the boom ends.

[4] See the discussion of "scarring effects" in Chapter 3 for evidence that work experience increases subsequent earnings.

The case against using macroeconomic stimulation to help youth is that it is an overreaction to a very specific problem and that its limits are reached before the problem is solved. Macroeconomic policies, by their very nature, cannot be targeted on particular groups, although they do tend to increase the employment of youth, especially minority youth, proportionately more than that of adults. The limits are set by the adverse side-effects of such stimulation on inflation. There is some dispute about the sensitivity of inflation to the level of aggregate demand, the unemployment rate at which an acceleration of inflation occurs, and the amount of inflation one should be willing to accept in order to achieve lower unemployment.[5] But it is clear that, whatever the terms of the tradeoff, aggregate demand, alone, will leave a wide gap between the employment status of minorities and whites.

2. Creating Jobs (Via Wage Subsidies or Tax Credits for Public or Private Employers) Targeted on Youth, or on Certain Groups of Youth, or on Areas Where These Groups Live

A second way to increase job opportunities for youth is to subsidize employers to hire and retain more youth (or particular groups of youth) than they otherwise would. Such subsidies can be provided to either public or private employers. Currently, the major programs in the public sector are the Summer Youth Program, through which nearly one million people under the age of 22 were employed in the summer of 1979, and Public Service Employment under CETA which is more oriented to adults but still serves many youth. The major program in the private sector is the Targeted Jobs Tax Credit, through which employers can claim a tax credit based on the wages paid to various groups of qualified workers, including disadvantaged youth.

This approach is intended to overcome the main drawback of macroeconomic policy—that it is target-inefficient, with the result that youth unemployment, especially among minorities, remains at high levels long after inflation constraints are reached or exceeded. The issues addressed here are whether targeted job creation appears to be an effective way to increase the employment of youth, in concert with other options, and its impact on the rest of society.[6]

---

[5] Wachter (1979) estimates that in 1978 the nonaccelerating inflation rate of aggregate unemployment was between 5.25 and 6.25 percent. The actual rate in that year was 6.0 percent. For further discussion of these issues see Isabel Sawhill and Laurie Bassi, "The Challenge of Full Employment," in *Employing the Unemployed*, edited by Eli Ginzberg (New York: Basic Books, 1980).

While subsidized job creation may partially substitute for unsubsidized employment in the regular labor market, as youth are drawn from one sector to the other, it does appear to increase youth employment and permits the government to focus on particular groups of youth that are most in need. The summer jobs programs, for example, have employed millions of youth over the past decade, many of whom would otherwise have been unemployed or out of the labor force.[7]

It is less clear whether these programs increase their participants' employability. Some would argue the opposite. The long-term impacts of targeted job creation can only be estimated by tracking the subsequent labor market experiences of youth who received jobs through the programs and comparing them with others who did not participate. In the absence of such information, one can only speculate about these effects. Witnesses at our field hearings expressed concern that jobs created in the public sector, in particular, could be detrimental to the participants' long-term employability if the jobs are not productive and well supervised. Some witnesses feared that the participants would develop work habits and attitudes that are not suitable for unsubsidized employment and that potential employers would use participation in such a program as a negative screen ("damaged goods").

On the other hand, targeted job creation does provide the federal government with a means of influencing the employability development activities of the participants in a way that simply does not exist when the jobs are created through macro stimulation. To the extent that the government has leverage over employers through offering and withholding the subsidy or varying its amount,it can use the leverage to set conditions regarding on-the-job training and released time for courses, for example. The new guidelines for the Summer Youth Program reflect this approach. Of course, the more onerous are the conditions put on potential employers, the less attractive it will be for for them to participate at all.

---

[6] Two important issues in implementing this approach are the mix of public vs. private job creation and the degree of federal subsidy to be provided per job in each sector. See Isabel Sawhill, "Employment Subsidies and Tax Credits as a Response to Unemployment," Appendix A in *The Fourth Annual Report to the President and Congress of the National Commission for Manpower Policy* (Washington, D.C.: U.S. Government Printing Office, 1978). To summarize the conclusions of this earlier report: more emphasis on private sector inducements is warranted and greater subsidization per job may be appropriate. With the exception of one small demonstration program under the Youth Entitlement Projects, subsidization of private sector employment has not been permitted under CETA.

[7] Estimates of the direct impact of these and other programs on youth employment and unemployment rates are reported by Charles Killingsworth and Mark Killingsworth in *Conference Report on Youth Unemployment: Its Measurement and Meaning* (Washington, D.C.: U.S. Department of Labor, 1978).

While targeted job creation may increase the employment and employability of youth, its impacts on the rest of society must be considered. These impacts include the effects of inflation, the degree to which the additional jobs going to youth are at the expense of older workers, and the costs of inducing employers to create the jobs. There is some agreement among economists who have examined the first issue that targeted job creation programs are less inflationary than a simple expansion of aggregate demand through monetary and fiscal policies.[8] The combination of macro and targeted job expansion can be used to achieve a higher level of employment for the same inflation rate than could be achieved with macro stimulation alone. Careful targeting can be used to channel the gains to youth in general or to economically-disadvantaged or minority youth in particular.[9] Because of the higher overall levels of employment, this is not entirely a "youth-win-and-adults-lose" proposition. Nonetheless, it would be unrealistic to expect gains for the target group to occur without some displacement of workers not covered by the program.

Finally, the cost to the government of targeted job creation will depend largely on the size of the subsidy that is needed to induce employers to hire members of the target groups and the extent to which the money results in more employment, rather than higher wages for the workers hired or windfall gains to the public or private employers for hiring people that they would have hired anyway. Some amount of windfall is probably unavoidable. However, the windfall may serve as a protection for youth in the event of an economic downturn, by reducing the probability that they will be "first fired." Further, unless the demand for labor is very insensitive to cost, which seems unlikely, there should be some net increase in jobs for youth.

---

[8] These and other issues involving targeted job creation are examined in John Palmer, ed., *Creating Jobs: Public Employment Programs and Wage Subsidies* (Washington, D.C.: The Brookings Institution, 1978).

[9] Of course, one consequence of targeting on a specific group of youth is that other youth may be displaced.

3. Reducing the Minimum Wage or Creating a Youth Differential in the Minimum Wage

The federal minimum wage rose from $2.60 to $2.90 per hour in January 1979 and is scheduled to increase to $3.10 in January 1980. One way to reduce the real (inflation-adjusted) minimum wage would be to cancel or delay future increases. Alternatively, a youth differential can be created by raising the minimum wage only for workers over a certain age. Either approach would require amendment of the Fair Labor Standards Act.

The basis for considering such an action here is that either alternative would induce employers to hire more young workers than they are likely to hire when the new (and subsequent) minimum wage increases take effect. In principle, a reduction in the minimum wage is similar to a wage subsidy. Both lower the cost to employers of hiring and retaining certain workers. It is, therefore, useful to compare the impacts of this option with those of the preceding one. Reduction of the minimum wage increases employment in a way that would be nearly costless to the federal government and which would contribute to the fight against inflation. There is little doubt that the existence of a minimum wage reduces employment opportunities for youth, especially the youngest ones, and that lowering the minimum (or delaying an increase) would lead to more youth employment. The theory is similar to that used in support of wage subsidies: employers will not hire someone whose expected productivity is below the cost of their employment; lower the cost, and more low-productivity workers will be hired. However, unlike the case of a wage subsidy, a lower minimum wage would also result in a lower incentive to work for some youth. This supply effect, of unknown magnitude, reduces the net employment impact.

A number of attempts have been made to estimate the employment impact of past increases in the minimum wage rate and its coverage. While estimates vary widely, it would appear that a seven percent increase in the minimum wage ($2.90 to $3.10) would be associated with a reduction in teenage employment of between one and one-and-one-half percent with a smaller loss for older youth.[10] The impact would be larger for minority youth. This provides an indication of the employment creation impact that could be anticipated from postponing the increase.[11] If a youth differential were instituted, the youth employment impact would be larger, since employers would have an incentive to replace older workers with youth.

---

[10] Based on estimates reported by James Ragan, "Minimum Wages and the Youth Labor Market," *The Review of Economics and Statistics* (May 1977).

The impact of a minimum wage reduction on the employability of youth is probably very small. Unlike the subsidy option, there are no means of effectively setting conditions for employers regarding training, education, or kinds of work experience offered. Also, by definition, the added employment would be limited to the lowest-paying jobs, which may be the ones least likely to provide opportunities for development. The only advantage of this option with respect to employability development is that there is no question about whether the jobs are "real," as there is with completely-subsidized PSE jobs.

A major objection to tampering with the minimum wage as a means of increasing youth employment is the rationale for the Fair Labor Standards Act itself, legislation which enjoys considerable popular support. The minimum wage sets a floor on wages (in the covered sector) that prevents employers from exploiting workers such as youth, who have little or no bargaining power, and it limits the extent to which unemployed workers can be used to bid down wages. The legislation reflects the view that if a job is worth doing at all, then the employer should be willing to pay at least the minimum wage.

A youth differential, in particular, is strongly resisted by organized labor and others because it allegedly violates the principle of equal pay for equal work and induces employers to substitute youth for adults. The recent history of attempts to institute a differential illustrate the intensity of the debate: the absence of a youth differential was a major reason for President Nixon's veto of the 1973 minimum wage bill; in 1977, a youth differential amendment was defeated in the House by a single vote. The Minimum Wage Study Commission is currently examining the effects on youth and adults that should be anticipated if a differential were to be created.

4. Reducing Discrimination Against Youth, Especially Minority Youth, on the Part of Employers

The previous two options each were intended to lower the cost to employers of hiring and retaining young workers. The assumption was that if youth were cheaper they would be more attractive. The present option is based on the assumption that one reason why employers do not employ more youth, especially minority youth, is that they have prejudged them, as a group, to be less desirable than older workers or other youth. Therefore, a particular youth, or a particular minority youth, has less of a chance of being hired than someone else with equal qualifications. The evidence that employers still discriminate, reviewed in Chapter 2, is strong. One policy response to this would be to make it illegal or unprofitable to discriminate and to enforce the law. Subsidies and reduced minimum wages provide a carrot to induce employers to change their behavior; antidiscrimination enforcement is the stick.

---

[11] Note that given present and expected inflation, the real minimum wage rate will be decreasing in any event and what is being considered here is a larger reduction in real terms.

It is illegal to discriminate on the basis of race, color, religion, sex, or national origin, but there is no federal law against discriminating against youth. However, it is doubtful that adding youth to the list of protected groups would be effective; it could have some harmful side-effects; and there has been no proposal made by either the Administration or the Congress to do so.

The most telling argument against making it illegal to discriminate against youth is that it is already illegal to discriminate against every group of young people except white males, the group that is least in need of assistance. Adding white male youth would dilute opportunities for the other groups.[12] In addition, a prohibition against youth discrimination would be extremely difficult to enforce, since most employers would justify the use of previous employment experiences as a job-related qualification, which would serve to screen out the younger job seekers.

Continued vigorous enforcement of the laws prohibiting discrimination against minorities and women should help to narrow the black/white, Hispanic/white, and female/male youth employment differentials and improve the long-term earnings prospects of these groups. The recent *Weber* decision strengthens the ability of the government to combat employment discrimination and makes it easier for employers to take positive steps to increase opportunities for minorities without fear of being found guilty of reverse discrimination.

But there is no basis for expecting antidiscrimination enforcement to be able to eliminate the group employment differentials. Such efforts may not even eliminate the part of the gaps associated with discrimination. As long as a disproportionate number of minority youth lack the qualifications employers seek and there is an ample supply of other workers to choose from, it will be extremely difficult to overcome "statistical discrimination," whereby personnel officers assume that an individual applicant has inferior qualifications based on group norms. Moreover, discrimination can be quite difficult to prove, since it may take such subtle forms as biased recruitment channels, biased tests, and inadequate support on the job. Finally, even the employer who sets out to hire a minority or female worker may well choose an older one if available—because the older one is perceived to be (and may be) more stable, more experienced, and less threatening.

---

[12] Among the 21.5 million persons between the ages of 16 and 24 who were employed in 1978, the majority were members of groups covered by Title VII of the Civil Rights Act of 1964 and various executive orders: 41 percent were white females, 9 percent were blacks, and 5 percent were Hispanics.

Nonetheless, combatting discrimination, even if the direct beneficiaries are adults, can still be important for minority and female youth in at least three indirect ways. First, the successful integration of the adults will help open up employment opportunities for the youth. Second, as the young people see that it is possible, at least as adults, to secure employment in previously-closed occupations and industries, they will be encouraged to gain the necessary education and training to qualify. Finally, the placement of more members of their groups in these areas will increase the effectiveness of their own "old boy" networks.

5. Reducing Competition for Existing Jobs by Curbing the Supply of Undocumented Workers

A final strategy for increasing the number of jobs for youth involves restricting the supply of potential competitors. In a narrow sense, if one assumes a fixed number of jobs in the economy, then reducing the supply of any other workers—citizens, legal migrants, or undocumented workers—would increase job opportunities for the remaining workforce. However, there is no reason to make this assumption. Indeed, the record of our economy has been that, aside from cyclical fluctuations, total job growth has approximately kept pace with labor force growth. This becomes an issue of macroeconomic policy.

The arguments for focusing on undocumented workers are that the kinds of jobs they seek are the same as those sought by many unemployed youth, especially minority youth; that undocumented workers have an unfair competitive edge; and that they have a less-valid claim to U.S. jobs. Estimates of the size of this workforce of undocumented workers range anywhere from 2 to 12 million, and the numbers are expected to increase over the next decade.

Although, by definition, one cannot get a very accurate picture of the kinds of jobs these workers are engaged in, it does appear that there would be a substantial overlap with the kinds of jobs for which many youth are qualified—entry-level, unskilled, low-wage positions. One study, based on the distribution of occupations of about 800 apprehended undocumented workers in the early-1970's, found that 25 percent had worked as operatives, 20 percent as service workers, 19 percent as farm workers, 15 percent as nonfarm laborers, and another 15 percent as craft workers. Hardly any were in professional, managerial, sales, or clerical positions.[15] Their occupational mix, along with their geographic concentration along the Mexican border and in several large cities, increases the odds that undocumented workers are competing most directly with male minority youth, especially Hispanics.

The competitive edge of undocumented workers comes from their lack of opportunities in their home countries and their vulnerability, given their undocumented status. They are said to work "hard and scared." Hence, minimum wage, health and safety violations, for example, are not going to be reported by the workers for fear of apprehension.

It is very difficult to estimate the impact on youth employment that would come from cutting off the flow of undocumented workers into this country or of deporting the ones already here. This would depend on how many there are; how, if at all, employers would attempt to replace them (including mechanization); and to what extent youth would be willing to do the kinds of jobs now being done by undocumented workers and on what terms. The very factors that make undocumented workers attractive to some employers suggest that many would not, or could not, be replaced by domestic workers of any age.

In any event, this option does not look very promising. It is difficult to reduce the flow of undocumented workers or to increase deportations substantially without curbing civil liberties and jeopardizing U.S. relationships with the countries of origin.

In reporting on a seminar on immigration policy sponsored by the Commission on March 23, 1979, the Chairman noted in a letter (dated May 1, 1979) to the Secretary of Labor:

---

[15] David North and Allen LeBel, *Manpower and Immigration Policies in the U.S.* (Washington, D.C.: National Commission for Manpower Policy, 1978), p. 135.

> In the face of overwhelming pressures being exerted from south of the border for people to continue to seek temporary or permanent jobs in the U.S. and with such jobs being available by virtue of the preferences of U.S. employers (or usually an admixture of the two), it is unlikely that any one of several approaches—employer liability, improved Social Security identification, tighter border controls, cooperative arrangements with the Mexican government, etc.—will significantly alter the flow in the absence of draconian interventions which at present do not have the support of the U.S. public. It may be best. . . to take one step at a time recognizing that 'total' answers cannot be developed.

B. Increasing Employability

The options considered in this section are based on the premise that over the next decade there will continue to be a substantial number of young people who will need help to improve their employability. Such assistance could be designed to: (1) improve educational competencies; (2) teach specific occupational skills; and (3) develop good work habits and attitudes. Many youth, especially the youngest and those from economically-disadvantaged or minority backgrounds, are not ready for the labor market and cannot compete successfully with adults or other youth for available jobs. This does not mean that they should not be exposed to the world of work. But it does mean that any such exposure should be part of a broader program designed to improve their employability. Premature placement of young people in unstructured job or work experience programs may lead to personal failure, to the learning of bad work habits, and to disappointed expectations on the part of the youth themselves and of their employers.

The preceding set of options was intended to have its main impact on immediate employment opportunities with employability a secondary consideration. The set of options presented here has the reverse emphasis. The general arguments for focusing on employability development are that some youth simply will not be hired by employers given their existing characteristics; the benefits to the individual of increasing employability while young can last a lifetime; and the benefits to society can include higher productivity and a better informed citizenry.

It should be recognized at the outset that there is a thin line between not having a job because of inadequate skills and inadequate demand. "Unemployables" can find jobs when labor markets are extremely tight. Employers go out and find the workers when they really need them. In addition, whether an individual is employable or not depends on the wage that the employer must pay; two of the previous options were directly aimed at reducing that cost. These demand-side options can be implemented fairly quickly. Improving employability takes longer. In this sense, the options presented in this section can be viewed as complementing, rather than competing with, those discussed previously. At the same time, limited resources necessitate that some thought be given to whether one approach or another should have priority or whether each should be given equal weight.

1. Increasing Basic Education Competencies (Reading, Writing, Arithmetic) and Life Coping Skills

An individual who has not mastered the three R's and life coping skills is shut out of a large and growing share of the jobs offered in a modern, technologically-sophisticated and paper-oriented society. As unskilled laborer jobs continue to decline as a share of total job opportunities, even entry-level jobs will become more difficult to find for people who cannot at least read. Advancement beyond the entry level will be less likely for such people.

The evidence reviewed in Chapter 2 strongly supports the common sense notions that youth without the basic competencies are less employable than others and that this is one source of the gap between black and white earnings. The substantial growth in educational attainment among the population in general and among black youth in particular is an encouraging trend.[14] But it is important to distinguish between the number of years that one is in school and the amount of knowledge one attains.

Although the evidence is inconclusive, it appears that educational attainment has been increasing at a faster pace than educational competence. Employers perceive that a high school diploma means less than it did previously. Hence, it is becoming a less useful means of discriminating among applicants. Trends in some standardized test scores provide support for this perception.[15]

---

[14] Between 1960 and 1977 the percentage of blacks in the 25 to 29 age group who had a high school diploma nearly doubled from 38 to 74 percent, while that of whites rose from 66 to 87 percent.

Policies to increase educational competencies, especially among minorities, could focus on increasing the basic skills attained during each year that one is in school, increasing the number of years of education (dropout prevention), or providing second-chance educational opportunities for those who have already dropped out or who did not master the essential skills while in school. Note that dropout prevention, by itself, does not necessarily result in increased competencies, although it does provide credentials.[16]

The evidence reviewed in Chapter 6 indicates that we are beginning to see modest success with the application of Title I compensatory education funds in the elementary schools. These programs appear to have reduced the basic skills gap between disadvantaged and other youngsters. However, less than half of poor children and less than half of educationally-disadvantaged children are currently being served by compensatory programs. The strongest arguments for increasing compensatory education at the elementary level are: we already know something about how to do it; early treatment can provide a lifetime of benefits; and this is the most effective way to deal with learning problems.

The argument for compensatory education at the junior and senior high school levels is that many youth, especially minorities and poor youth, enter junior high and high school without the basic skills, either because compensatory education did not reach them or was insufficient to overcome the difficulties faced by these youth. The arguments against this option are that we know less about how to teach basic skills to older youth than we do to younger children and that it may be more difficult to avoid displacement of funds in the high schools than in the elementary schools.

In conclusion, federal attempts to increase the basic skills of youth should recognize both the potential and the limitations of traditional school programs. Youth who have not acquired the basic skills by the time they reach high school may need more learning activities outside of the regular classroom and greater motivation to acquire the basic skills.

---

[15] However, the National Assessment of Educational Progress reading test scores for students at age 17 were virtually unchanged between 1970-71 and 1974-75 and increased among students at age 9, especially black students.

[16] To the extent that being a dropout is a bad credential, youth from poor families and minority youth are the ones who are particularly handicapped. Calculations based on October 1977 CPS data show that 14-17 year olds from families with an annual income below $5,000 are at least 6 times as likely to be school dropouts as those from families with an income above $25,000, and 2.3 times as likely as all 14-17 year olds taken together.

2. Increasing Specific Occupational Skills

All else equal, a young job applicant who is already trained is a more attractive candidate than one in whom the employer will have to invest time and money before the worker is productive. One strategy for making youth more employable is to train them for specific occupations or occupational clusters. This is the approach used in the vocational education programs of school systems and in the training programs sponsored under CETA. The option considered here is to place greater emphasis on these or other training activities. (Training could take place within the regular school systems, in separate institutions, through apprenticeships, or through on-the-job training. The choice of type, place, and duration would depend on what is most effective in each case.)

The arguments in favor of emphasizing specific training for young people are that it can provide them with something which is directly marketable and, at the same time, may help motivate them to pursue basic education, by showing them its relevance to real-world activities. For example, a person who takes a typing course in high school and does well in it will have an easier time finding a job as a typist upon graduation than someone who has not had the course; the student might also be better motivated to improve his or her spelling and grammar if there is a reasonable prospect of attaining a job which requires these basic skills.

On the other hand, many employers claim that they are not looking for people with specific skills: they would prefer to hire workers who have mastered the basic skills and have good work habits and motivation; whatever specific skills are required will be provided by the employer, thereby increasing the chances that the worker will learn to do the job as this particular employer wants the job done. One expert's estimate is that only about one-third of the jobs in the U.S. labor market require specific preparation; another third require skills best learned on the job; and the remainder require no specific education or training beyond the basic skills.[17] If so, then specific skill training would be useful for gaining access to only about a third of the job market.

---

[17] Garth Mangum, *Employability, Employment and Income* (Washington, D.C.: Olympus Publishing Company, 1976), p. 136. Using data from the 1970 Census, Grasso and Shea estimate that 38 percent of the work force were employed in

Another potential limitation of specific skill training is that it is very difficult to predict which specific occupations are going to be growing very far into the future. This argues for maintaining flexibility. Tracking an individual into a specific occupation at an early age may foreclose options that would best be kept open.[18]

The record of the vocational education program illustrates the difficulty of beginning training at an early age. There is no question that many young people have been helped by participating in vocational education programs. But the overall impact of the programs on employability development does not appear to be very large. The research findings are not definitive, but evidence from a variety of sources is accumulating that young men who have participated in vocational programs have been no more successful in the labor market than those who have not, after adjusting for other differences between the two groups.[19]

In sum, specific skill training is probably best viewed as a strategy whose appropriateness and success are ultimately linked to the basic educational competencies and motivation of the potential participants. As with direct job placement, the youth must be ready for it, or the program must be considered as an instrument for motivating him or her to gain the other more basic skills that will be necessary no matter what occupation one wishes to enter.

3. Improving Basic Socialization and Motivation for Both Education and Work

The final strategy considered here for increasing the employability of youth is the most amorphous, but is aimed at what many believe to be the key problem: that the young people who need help the most simply do not have the right attitudes. To be effective, every one of the

---

occupations for which no preemployment training is required; 19 percent were in occupations in which at least a baccalaureate degree is normally required; and 42 percent were in occupations in which some other preemployment preparation is available (from "Effects of Vocational Education Programs," in *Planning Papers for the Vocational Education Study* [Washington, D.C.: National Institute of Education, April 1979], pp. 130–131).

[18] A union witness at our field hearing in Los Angeles emphasized the importance of mastering the basic educational competencies before taking the specific training. To enter an electrical apprenticeship now requires knowledge of algebra and geometry; air conditioning and refrigeration apprenticeship require geometry and physics. He favored early instruction in what is required by the world of work, but warned against early tracking. (Testimony of George Garland, area representative of the Human Resources Development Institute, Los Angeles County Federation of Labor, AFL-CIO, June 15, 1979.)

[19] Studies by Grasso and Shea, Levin and others, reviewed in Chapter 6.

other options presented in this report requires that the youth themselves cooperate. If they do not want to work (on the terms that are available), do not want to learn, and will not make a reasonable effort, then job creation programs become expensive income transfer mechanisms and schools become holding vats. One of the criteria suggested in the preceding chapter for determining which youth should be served was to make program eligibility conditional on the individual behaving in socially-approved ways. The issues here are whether youth-oriented labor market programs should emphasize basic socialization and motivation and, if so, what should be done.

The potential impact on youth employment and employability may be quite large. Several studies, ~~reviewed in Chapter 2, found that~~ having a strong work ethic, being reliable, self-confident, cooperative, and so forth, are ~~important characteristics~~ being sought by employers. Once hired, one's ability to keep the job and to advance depends, in part, on a willingness to accept the authority and discipline of the workplace. For some youth, jobs that are perceived as "dead-end" and demeaning must compete with alternative sources of income (legal and illegal) as well as with the allure of peer group activities.

The problem for minority youth is compounded by employers' failure to distinguish between those who actually have poor attitudes and behavior and those who do not. This statistical discrimination feeds on itself, as resentful youth display hostile attitudes and bring to the workplace patterns of behavior that are unfamiliar and threatening to the employers.[20]

In addition, some youth may have good reason to be wary of accepting unskilled jobs. As stated by Elijah Anderson, who interviewed a sample of inner city black male youth:

> [For] the inner city black youth with high aspirations and real doubts about his prospects in the labor market, such ["menial"] jobs are very easily viewed as "dead-ends," as offering the specter of a permanent position at the bottom of the social order. Herein lies one of the fundamental reasons such jobs, even when available, are so very unappealing to numerous inner city black youth. In a real sense, black and white middle-class youth can psychologically afford to engage in "temporary" menial labor, for they are able to be relatively confident that better days are ahead. But the aspiring and often unskilled ghetto youth with a

---

[20] Elijah Anderson, "Some Observations of Black Youth Employment," in *Youth Employment and Public Policy*, edited by Bernard E. Anderson and Isabel V. Sawhill (New York: Prentice-Hall, 1980).

> sense of sharply limited job opportunities lacks faith in the prospect of "better days ahead"—the "menial" job symbolizes and promises a bleak future which is all too real in the here and now.[21]

Although there is convincing evidence that **some** minority youth have attitudes and behavior that make them less employable, the argument should not be pushed too far. There is a thin line between this factor and employer discrimination. There are two sources of evidence against attributing the bulk of black youth's employment problems to their own attitudes and behavior: (1) virtually all unemployed youth take the first job offered; and (2) black youth employment is very cyclically sensitive as discussed earlier, suggesting that when jobs are available, black youth will take them.[22]

In any event, it is not clear what could be done by the federal government to have a direct impact on the attitudes and motivation of youth.[23] Greater reliance on community-based organizations and leaders as socializing agents may be part of the solution. But government involvement in this area may also weaken the benefits of self-help.

Indirect strategies may be more promising. That is, in the pursuit of the other options discussed in this chapter, it may be possible to build in incentives to motivate and socialize the participants. For example, students may be more motivated to learn if they perceive that there is an immediate reward for above-average performance; perhaps conditioning participation in a wage-paying employment program on school performance would provide this motivation. Finally, to the extent that lack of job availability, whether because of discrimination or other factors, is discouraging some youth from even trying, then working on those factors may help. For example, it is a reasonable (but untested) hypothesis that one reason why black educational attainment has increased so dramatically during the past decade is that the perceived rewards to staying in school have increased—perceptions which are the result of more equal employment opportunities for blacks with higher levels of education.

---

[21] Ibid.

[22] Osterman (July 1979).

[23] Where the problem is really that the youth do no know how to act in the work environment, options discussed in this section are relevant.

C. Improving Labor Market Transitions

The options considered in this section are based on the premise that over the next decade, even if there were a sufficient number of jobs for youth, many would not know enough about how the labor market operates to prepare for, locate, and obtain these jobs. To help these young people will require, at a minimum, that measures be taken to familiarize them with the world of work and with methods for taking maximum advantage of the opportunities at hand.

The common observation that many youth are deficient in this respect is confirmed by the results of tests of their knowledge of the world of work and by data on their job search patterns. A large portion of youth joblessness is due to the continual shifting of young people between school and work and from job to job before they settle into a more permanent career. In principle, there is no reason why labor force entry or a change in jobs must be accompanied by an intervening period of unemployment. Job search can, and often does, take place while one is still in school or working for one's existing employer; it need not be a full-time activity.

Labor market transition problems appear to be an important reason for the higher unemployment rates of minority youth and for the deterioration in their relative position during the past decade. In particular, black youth are much less likely than white youth to enter the labor force or change jobs without experiencing a spell of unemployment.[24] This partly reflects the differences in job search mechanisms used. Most jobs are obtained by informal means, including referrals by friends and relatives, and minority youth tend not to have access to "successful" networks of job contacts. The challenge for public policy, then, is to develop alternative effective mechanisms. Three strategies for doing so are: (1) developing more programs to increase young people's general knowledge of the world of work and of alternative career options; (2) providing them with more specific information about job vacancies; and (3) placing greater emphasis on teaching them how to search for and obtain work.

In all of these activities, special emphasis should be placed on helping female, handicapped, and minority youth to become aware of a wider range of occupations than the ones into which they have often been stereotyped. Youth who have characteristics that previously consigned them to a narrow range of occupations will need extra guidance on the most effective means of preparing for and finding jobs in the occupations from which they have been excluded.

---

[24] Ehrenberg (1979); Osterman (1978); and Smith and Vanski (1978).

1. Increasing Young People's General Knowledge of the World of Work and of Different Career Options

The first strategy for improving labor market transitions for youth is to provide more opportunities for them to learn about the world of work and of different careers while they are still young enough to prepare themselves for work. Many youth are simply not aware of the nature and content of adult work roles and the relationships of these roles to their school and nonschool experiences. They are poorly informed about the range of occupations available, the requirements for entry into these occupations, their career paths, and their rates of pay.[25] As a result, their expectations are often unrealistic, their preparation inadequate, and their occupational choices narrowed. For those who graduate from high school and go on to college, there are still opportunities to learn. But for those who drop out of high school or who drift aimlessly through it, the lack of this knowledge can be a serious impediment. In particular, it increases the odds that they will use their time ineffectively while in school and that they will lack the qualifications for employment discussed in the preceding section.

A number of techniques for providing this knowledge have been used or proposed. Work experience while in school, vocational training, and career education can be used to make youth more savvy about the work world's requirements and hence more informed, motivated, and effective consumers of the education and training systems.[26]

Some of the projects that have used these techniques appear to have worked in the sense that the participants' general knowledge of the world of work and of career options was increased. This knowledge, in turn, can motivate the students to stay in school longer and to improve their performance while in school. The end result can be to make them more attractive to a wider range of potential employers.

---

[25] Lack of knowledge about the world of work is especially serious among young blacks. Parnes and Kohen (in U.S. Department of Labor, *Career Thresholds*) found, based on a sample of National Longitudinal Surveys respondents who were employed in 1971 who had less than 16 years of school, that 72 percent of the black female youth and 75 percent of the black males had low knowledge of world of work scores; this compares with only 49 percent of the young white females and 35 percent of the white males.

[26] Some of the programs that use these techniques are reviewed in Chapter 6.

Evaluations of the Career Intern Program (CIP) and the Vocational Exploration in the Private Sector (VEPS) program, for example, indicate that the participants did benefit along these lines.[27] However, it is difficult to be sure just what it was about these programs that really helped the participants.

The arguments against pursuing this option involve the difficulty of effectively increasing young people's knowledge of the world of work at an age early enough to make a difference without incurring substantial costs. Students may have little interest in career information until they are almost ready to enter or have already entered the labor market, at which time it may be too late. Their teachers may, in any event, be unfamiliar with the world of work and may resist diverting students away from learning the basic skills that any employer will demand.

2. Providing Young People With More Specific Information About Job Vacancies in Their Own Local Labor Markets

Once a young person does enter the labor force, he or she may find that there is a paucity of high-quality labor market information available either through school counsellors, newspaper help-wanted columns, or the Employment Service. The second option for improving labor market transitions is to increase the amount of such information. Pursuit of this option might involve encouraging employers to use public labor market intermediaries, or providing additional funding to the Employment Service to prepare, print, and distribute specific occupational and wage information.

The underlying premise on which this option is based is that youth in general, and minority and economically-disadvantaged youth in particular, do not have available to them enough information—in quantity and quality—about existing jobs for which they qualify. Obtaining job information is time-consuming and difficult, particularly for inexperienced young workers and those without access to good informal sources. Hence, what may look to them like a job shortage may really be, in part, an information-about-jobs shortage.

---

[27] A six-month follow-up on participants in the Career Intern Project and a control group found that there was virtually no difference in the percentage with jobs, but that many more of the participants were enrolled in college and technical schools (Richard A. Gibboney Associates, 1977, discussed below [Chapter 6]). An 18-month follow-up of participants in VEPS, compared with a control group, concluded that the program had a lasting positive effect on the participants' academic performance, probability of staying in school, and post-graduation employment (Donald Sprengel and E. Allan Tomey, *Longitudinal Impact Assessment of the 1971-1972 Vocational Exploration in the Private Sector Program* [Washington, D.C.: U.S. Department of Labor, 1974]).

Success in increasing the number of jobs to which young job seekers are exposed should increase their employment and possibly the quality of the jobs they find. However, unlike the impact of an actual increase in total jobs, much of the employment impact comes because those who benefit displace other youth or adults who would have obtained these jobs. Some net employment increase can occur if there is a reduction in the time it takes employers to fill their vacancies or if better job matches reduce subsequent employee turnover.

This option, and the one to follow, can only work for job-ready youth in markets in which jobs are available. The purposes of these options are to help assure that—given that these supply and demand conditions are met—a match will occur and that individuals will not be shut out of the market or consigned to jobs below their capabilities simply because they and their families are not plugged into the right informal networks.

In particular, the potential impact on minority employment is quite large. For example, it is estimated that if black youth who enter or reenter the labor force had the same chance as white youth of having lined up a job beforehand, their employment rate would increase by about four percentage points.[28] It is recognized that some of the differences in the two groups' success in entering the labor force is associated with differences in their employability, but the gap could certainly be narrowed if blacks had better contacts and more information about where to look.

The critical unanswered question is whether ways can be found to overcome the understandable reluctance of many employers to use impersonal, formal mechanisms for filling their vacancies, especially for their better jobs. "Informal" networks can be quite effective: they provide a considerable amount of information about the prospective employee and employer to one another and they provide a personal bond for each that no formal intermediary can hope to match.

Furthermore, young job seekers often are not using the sources of information that are already available to them or are not using them effectively. It does little good to provide them with the location of a job opening, if when they get there, they do not know how to fill out the job application. This argues for first working on job-hunting skills, the next policy option to be considered.

---

[28] Based on employment transition probabilities derived from the Current Population Survey, 1967-1977, and an estimation method described in Ronald Ehrenberg, "The Demographic Structure of Unemployment Rates and Labor Market Transition Probabilities," paper prepared for the National Commission for Manpower Policy, February 1979.

3. Teaching Young People How to Search for and Obtain a Job

The final strategy for improving labor market transitions is to put greater emphasis on teaching youth how to locate jobs (using existing sources of information) and how to apply and sell themselves to potential employers. These are skills that can be taught and that may have a lasting value since they can be used on every new job search. Courses, workshops or counselling sessions could be offered in school, through labor market intermediaries or as part of other labor market programs.

A large number of job-search assistance programs (not limited to youth) are now operating around the country and many appear to be successful in reducing the average search time of their participants.[29] Usually these programs last from one to four weeks, during which time the participants prepare resumes, develop telephone and personal interview skills, and build their self-confidence. Often the activities include videotaped mock interviews, role-playing and peer group criticism and support. In addition to common sense kinds of interview advice (e.g., proper attire, neatness, eye contact), participants are usually encouraged to treat job search as a full-time job while unemployed and not to limit their search to jobs that are formally advertised.

Although such short-term programs seem to be effective in reducing search time, it is not known whether the immediate employment impacts are followed by any lasting benefits. The skills that are taught may have some carry-over to one's subsequent productivity or ability to find jobs later, but these potential impacts have not been examined.

Finally, it should be stressed that this option works only to the extent that the youth are job ready. There is a tradeoff that must be faced between helping a person who is marginally employable to sell himself/herself better and helping the person to develop additional skills. The latter is more likely to have a lasting impact on the individual's ability to advance once a job is found.

---

[29] Robert Wegmann, in an extensive review of these programs, concluded that "Though relatively new, these efforts have demonstrated a high rate of success in helping individuals, many of whom have been unemployed for substantial periods of time, to obtain work within a period of weeks." (In "Job-Search Education," mimeo report to NIE, June 1979.)

Chapter 6: Vocational, Career and Compensatory Education Programs—A Review of the Experience

This chapter will review current knowledge about the role of selected education programs in improving the labor market experiences of youth. It is not presumed that improving employability should be the only, or even the dominant, concern of the educational system. But a review of programs which affect youth employability would surely be incomplete and unbalanced if it did not address the contribution made by the schools.

This survey is divided into three parts: vocational education, career education and compensatory education. Each part contains a brief history of, and rationale for, federal involvement in the respective area as well as an assessment of selected intervention strategies. The review necessarily aggregates what is, in fact, a set of programs provided by a very disaggregated and diverse delivery system, the more than 16,000 school districts. At the end of the chapter, however, an attempt is made to draw some general conclusions.

A. Vocational Education

1. The Federal Role

A federal role in vocational education was first adopted in the Smith Hughes Act of 1917. However, the programs have essentially been administered through state and local school systems and community colleges and have been funded mainly from state or local sources. Not until the Vocational Education Act of 1963 did vocational education begin to be targeted toward disadvantaged groups. Increased targeting has brought both new responsibilities and new difficulties for the vocational education system.

In 1977, there were approximately 16 million enrollees in vocational education programs. Included in this number are both individuals enrolled in vocational education high schools and students in comprehensive schools who take a single vocational education course (e.g., a course in home economics or shop). Somewhat over half of the enrollees were women; 23 percent, minorities; 12 percent, educationally disadvantaged; and 2 percent, handicapped. Approximately 60 percent of enrollments are in the high schools, 14 percent in post-secondary institutions (primarily junior colleges), and 26 percent are in adult continuing education.

Approximately 10 percent of the $5 billion total funding came from the federal government (Table 6-1). There are several reasons why the amount of federal funding is small relative to state and local expenditures. Historically, the states have played a leadership role in vocational education. Moreover, it can be argued that the gains from vocational education programs accrue largely to local employers and

Table 6-1
Federal Appropriations and State and Local Source Funds for Vocational Education (FY 1973–FY 1980)

Fiscal Year	Federal Appropriation: Vocational Education Act of 1963, as Amended (in millions)	State and Local Education Source Funds[a] (in millions)	Ratio of Federal to State and Local
FY 1980	$675	N/A	N/A
FY 1979	$630	N/A	N/A
FY 1978	$614	N/A	N/A
FY 1977[b]	$572	$4,963	$1:$8.7
FY 1976	$558	$4,170	$1:$7.5
FY 1975	$557	$3,501	$1:$6.3
FY 1974	$536	$2,966	$1:$5.5
FY 1973	$555	$2,551	$1:$4.6

[a] State and local source fund levels were provided by the Bureau of Occupational and Adult Education of the U.S. Office of Education.

[b] FY 1977 data include the Federal appropriation and source funds for the transition quarter.

N/A — Not available

SOURCE: Mark Wolfe, "The Vocational Education Act," background paper, Library of Congress, April 1979, CRS 12.

communities. Federal involvement may appropriately be restricted to those areas where there is a national interest, such as in training the disadvantaged and achieving a more equitable distribution of income and employment opportunities.

The 1976 vocational education amendments included new targeting provisions for the handicapped and disadvantaged, matching funds requirements and sex equity provisions. Career education, initially developed as a component of vocational education, now has federal support through separate legislation (Public Law 95-207, December 13, 1977, Career Education Incentive Act) rather than simply being funded through vocational education.

2. Vocational Education and Employment: Expected Outcomes

What is the economic rationale for vocational education in general and for targeting vocational education on disadvantaged youth? In the 1960's as part of the War on Poverty, vocational education was seen both as a way to promote economic growth through increasing productivity, and as a way to move able-bodied persons out of poverty. It was hoped that acquisition of skills would increase the productivity of an individual, thus raising his/her wages. Increased skills would also increase an individual's range of job opportunities and regularity of employment. Targeting vocational education toward the disadvantaged would result in increased opportunity and access to jobs, thus reducing inequality in earnings.

Ideally the system would function so that not only would inequality be reduced but the output of the nation as a whole would rise. Labor economists would project the skills demanded and supplied by the economy. Vocational programs would be devised so as to head off projected shortfalls in particular skill areas. At the same time the disadvantaged would be assisted in acquiring skills for which there would be great demand. The end result would be an upgrading of the skills of particular workers and a more productive economy overall.[1]

We now know that there are large flaws in this model which led us to expect too much from vocational education. First, it is questionable whether the government has powers of projection not possessed by the private sector. Second, the labor market does not always function as envisioned by the vocational education model.[2] According to this model, people acquire a certain set of skills and then sell themselves in the market to do a particular type of work. In fact, most job-specific skills are not obtained through formal education or training. Instead, firms hire and train workers. Access to good jobs occurs through job ladders. Getting a good job may depend more on convincing an employer of one's potential for learning than on arriving already trained.

---

[1] Lester C. Thurow, "Vocational Education as a Strategy for Eliminating Poverty," *The Planning Papers for the Vocational Education Study* (Washington, D.C.: National Institute of Education, April 1979), p. 323.

To the extent that vocational education does improve youth employability, it may do so either because it imparts saleable skills to participants thus giving them access to particular labor markets or because it has a comparative advantage over other curricula (general, college prep) in encouraging certain young people to stay in school and acquire basic skills plus a high school degree. Either of these effects should show up in increased employability for youth who participate in vocational education programs, after adjusting for other differences such as scholastic aptitude and socioeconomic status. In the next section, we review the evidence on the labor market effects of vocational education, and in the following section, its effects on school completion are examined.

3. Review of the Evaluations: Labor Market Effects of Vocational Education Curriculum

The evaluation literature in vocational education is fraught with methodological difficulties.[3] Hence, conclusions always await better

---

[2] Ibid., p. 325.

[3] These include (a) inadequate and inaccurate data, (b) numerous case studies from which it is difficult or impossible to generalize about the program as a whole, and (c) inadequate controls which result in biased estimates.

A major problem encountered by evaluators is what to use as a measure of vocational education. This is important for two reasons. First, very specific studies of individual programs are limited in value because they cannot tell us what to expect from a typical program. Hence, a measure of vocational education is needed which can be used across somewhat different kinds of programs and geographic locations. Second, the measure should not lump together both the full-time student at a vocational education school and the person who takes a single home economics or shop course. In several longitudinal studies this twin difficulty has been approached by distinguishing among various high school curricula (vocational, general, academic), and then categorizing students in the sample by these curricula. Conceptually this categorization makes sense. There are, of course, empirical problems with specifying exactly which category best typifies each student's curriculum. It has been found that curriculum classification varies depending on such factors as (a) whether students or administrators are asked about curricula and (b) how the different curricula are described by the interviewers or interview questionnaires.

Another difficulty in interpreting the results of various studies is the selection bias which may be embedded in curriculum choice. While the studies attempt to correct for evidence. This review will rely heavily on the most recent and extensive study, *Vocational Education and Training: Impact on Youth*, by Grasso and Shea, on several surveys of the literature, and on a Symposium on Education and Youth Unemployment sponsored partly for this review by the National Commission for Employment Policy and the National Institute of Education.[4]

What we know is not encouraging, at least for young men. In a survey of the literature through 1974, concerning the effects of vocational education on improving the labor market experiences of young people, Levin reports: "The evidence suggests that if such gains are associated with vocational education, they are marginal at best."[5]

In a recent synthesis of evaluation findings on cooperative programs (those which provide work experience as well as classroom training), the National Center for Research in Vocational Education reports:

> The evaluations of co-op programs have been quite comprehensive and varied. It appears that cooperative programs are successful in teaching students entry level job skills and in helping students quickly find employment in their area of training. Over time the initial employment advantage for co-op students seems to equalize to the level of students without co-op training. For example, two years after completion of training, no significant differences between co-op and non co-op students were found in earnings, employment stability, long-term employment status, or job satisfaction.[6]

---

such differences as scholastic aptitude and socioeconomic status between, for example, vocational and general students, there may be motivational or other differences between them which have not been captured. In short, there may be systematic differences between the students who make different curriculum choices, and it may be these differences rather than the curriculum itself which causes them to have different degrees of success in the labor market.

[4] For a list of the participants, papers and a summary of the proceedings, see John Brandl, "Report on a Symposium on Education and Youth Unemployment," October 1979, available from the Commission. The Symposium was held September 6–7, 1979, in Reston, Virginia.

[5] Henry Levin, "A Decade of Policy Developments in Improving Education and Training for Low-Income Populations," in *A Decade of Federal Antipoverty Programs*, Robert Haveman, ed. (New York: Academic Press, 1977), p. 174. This was also the conclusion of the Symposium on Education and Youth Unemployment. "Most current vocational education fails to improve the employment history of young people." John Brandl (1979), p. 3.

[6] Michael R. Crowe and Kay A. Adams, *The Current Status of Assessing Experiential Education in Programs* (Columbus: The National Center for Research in Vocational Education, March 1979).

Summarizing research based on the four major national longitudinal surveys of youth conducted during the last twenty years, Grasso and Shea report:

> Research on the relationship between curriculum and labor market and other post-school outcomes may be conceived as constituting the major evidence on the effectiveness of vocational education programs. A large body of work has been completed since the passage of the Vocational Education Act of 1963. However, it does not provide compelling evidence supporting the alleged labor market benefits of high school-level vocational education.[7]

Reporting on the specific findings of their own empirical study, Grasso and Shea conclude:

> We failed to find convincing evidence of an alleged labor market advantage of vocational education for young men....Differences were either inconsistent or were not statistically significant on virtually every criterion measure: unemployment, occupation, hourly rate of pay, annual earnings, and so on.[8]

The Grasso and Shea study is especially provocative because, unlike most earlier studies, it produces results for both men and women. Female students in the vocational education curriculum were more likely to finish high school, have higher hourly wages and higher annual earnings than their counterparts from general programs. For certain women, vocational education also reduced the probability of unemployment. These results were particularly related to the acquisition of typing and other clerical skills. These are skills for which demand is projected to expand and which can be successfully taught outside the workplace. A troublesome implication, however, is that channeling women into clerical training perpetuates occupational segregation which has held down earnings for women.

4. Review of the Evaluations: Dropout Prevention

One rationale for vocational education is that the experiential mode of learning, as contrasted with the abstract mode of learning, may be more successful for certain students.[9] Hence, vocational education students may not only learn specific skills, but also be encouraged to stay in high school longer and along the way acquire the basic literacy and occupational skills that are so essential for success in the world of work. In the absence of the option of vocational education, it is argued, these students would be unable to respond to other educational programs and would drop out of school entirely.

---

[7] John T. Grasso and John R. Shea, "Effects of Vocational Education Programs: Research Findings and Issues," *The Planning Papers for Vocational Education Study* (Washington, D.C.: National Institute of Education, April 1979), p. 159.

[8] John T. Grasso and John R. Shea, *Vocational Education and Training: Impact on Youth* (Berkeley: The Carnegie Foundation, 1979), p. 156.

Let us look at evidence concerning whether students in vocational education programs are more likely to finish high school than students in other curricula. We will consider first the dropout rate for students in the vocational education curriculum compared with that of students in other curricula, and then specific dropout prevention programs under vocational education.

Grasso and Shea find the evidence somewhat conflicting on the curriculum/dropout effect. Cross-section data show that, controlling for differences in scholastic aptitude, socioeconomic status, and other factors, the vocational education curriculum has a positive effect on staying in high school for both men and women. In contrast, based on longitudinal data, Grasso and Shea find that male vocational education students are not more likely to finish high school than general curriculum students.[10] For females, the findings are consistent: both cross-sectional and longitudinal data show that vocational education students are more likely to finish high school.

Turning to specific dropout prevention programs funded under vocational education, we find that the experience has not been markedly different than the experience under other dropout prevention programs.[11] First the "dropout prevention" basically has taken the form of providing jobs which are not systematically related to the in-school program. Concerning these programs, it has been reported that: "It was apparent that far too many students in the dropout prevention programs were placed in rather boring deadend jobs which didn't challenge their capabilities, gave them no real appreciation for the world of work and failed to allow them to explore career interests on their own."[12]

---

[9] It is sometimes argued that targeting vocational education on the disadvantaged presumes that they have a comparative advantage in experiential learning and will lead to premature occupational tracking. However, given that income redistribution is a national goal, targeting vocational education funds toward the disadvantaged can help to achieve this goal if vocational education is effective for any group and if care is taken not to limit aspirations and opportunities in the process.

[10] Cross-sectional (snapshot) studies look at the experience of various groups at a point in time. Longitudinal (moving picture) studies look at the experience of individuals over time.

[11] Dropout prevention under employment and training programs will be discussed in Chapter 7.

Cost-benefit studies of programs to prevent high school dropping out are not encouraging. Clearly, persons who finish high school have a more favorable labor market experience, both in terms of employment and earnings, than those who do not. This does not allow us to say, however, that if only more persons completed high school the unemployment rate would fall. Education may simply be highly correlated with other variables that are the fundamental determinants of employability. "The majority of functionally illiterate students are dropping out of high school before they graduate...Some of these students show little if any improvement between the age of 12 and the time they drop out of school."[13] Hence, the efficacy of simply keeping people in school is questionable if it is not combined with more effective teaching and learning.

While the policies of the sixties, including some of those under vocational education, appear to have increased the percentage of people completing high school, there is little evidence of any improvement in the unemployment rate of youth. While promoting the completion of high school might reduce youth unemployment, it will have to do so by actually improving their competencies as contrasted with simply providing more of them with a credential. The problem is akin to grade inflation. When everyone has high grades, post-secondary schools and employers must use some other device for rationing their scarce seats. If every applicant has a high school degree, the credential may be cheapened and employers will turn to other screening devices. This indicates that reducing the high school dropout rate, in a way that is not simply a retention vat and that does not cheapen the credential, requires improving the education system back through the earlier grades. We will return to this theme in our discussion of compensatory education programs.

Given the sometimes unrealistic demands made on vocational education, it may not be surprising that vocational education has scored poorly in terms of improving the employability of youth.[14] The research findings just reviewed on vocational education are not completely conclusive, but statistical evidence from a variety of sources is accumulating that young men who have participated in vocational programs have no more success in the labor market than those who have not, after adjusting for other differences between the two groups. (We await, of course, the final report of the extensive evaluation being conducted by the National Institute of Education due in 1981, but preliminary indications do not contradict the preceding statement.) Several studies suggest that the main advantage vocational education graduates have over nonvocational graduates is much better job placement. However, this initial advantage appears to dissipate over time.

---

[12] Steven M. Frankel, *Executive Summary: An Assessment of School Supervised Work Education Programs* (Santa Monica, California: Systems Development Corporation, 1973), p. 12.

[13] D.L. Fisher, *Functional Literacy and the Schools*, a report prepared for the National Institute of Education (Washington, D.C., January 1978), p. 18.

[14] Major government occupational training programs for youth under MDTA, EOA and now under CETA were developed in part because the public schools were unable to educate substantial numbers of inner city and rural youth; or if they did, to make them employable.

Finally, none of the above comments is meant to imply that there are not some excellent programs which have benefited some individual students in some localities; nor are they meant to imply that vocational education cannot be improved.

Promising areas in vocational education appear to be where: (1) there is emphasis on combining classroom learning with a work-related component; (2) there is concentration on those occupations which are best learned in the classroom setting; (3) there is an effort to link training to known labor market opportunities; and (4) there is emphasis on a sustained, integrated approach to youth employability combining the provision of basic skills, job skills, job-seeking skills and placement.

B. Career Education

Career education, like many government programs, has diverse sources of funding. Prior to Congressional action in 1974, which explicitly appropriated funds for career education, the U.S. Office of Education had already begun to assist local school districts in setting up career education demonstration programs. Some of these funds were provided under the Vocational Education Act. Hence, career education is seen as both offspring and sibling of vocational education.

Because a wide variety of programs function under its rubric, career education is difficult to define succinctly. The beginning of the career education movement is usually associated with a speech given by Sidney Marland, then-U.S. Commissioner of Education, in January 1971.

At the elementary and junior high levels, career education generally refers to an emphasis by teachers on work values and the career relevance of academic learning. At the high school level, it becomes a more overt interface between school and work. In its most developed form, it is an extensive plan for organizing the student's entire high school education around a series of short-term assignments to a variety of work settings.

The federal commitment to career education has been to provide seed money as an impetus for state and local school districts to initiate programs. The current legislation (Public Law 95-207, Career Education Incentive Act) provides $100 million of federal funds for fiscal year 1980, falling to $25 million for fiscal year 1983.

At least two very persuasive studies suggest that career education cannot "be expected to affect youth employment in any major way."[15] McGowan-Cohen explore the assumptions on which the career education movement was founded. Disenchantment with the efficacy of the school system in the sixties led to emphasis on experiential learning. It was hoped that "real authentic experience" with the world of work would stimulate students dulled by compulsory classrooms. Ironically, while some reformers were trying to enliven the work place by making it more humane (and more like school), others were trying to enliven the schools by making them more like work. A major problem for career education has been that programs established to provide experiential learning have, for financial or other reasons, become programs that instead make work a formal subject of school study. "Somehow, experiencing work on the job has been turned into learning about it in the classroom."[16]

There are two programs within career education which illustrate both the potential of, and some of the problems with, career education. These are EBCE—Experience Based Career Education (now also known as CBCE—Community Based Career Education) and the Career Intern Program.

1. Experience Based Career Education

EBCE was originally a set of four pilot programs financed through the National Institute of Education.[17] Currently, over 100 schools are implementing the EBCE model. EBCE stresses involvement with the community and local businesses. It also stresses the importance of learning about many careers before making a choice, as contrasted with vocational education programs which provide training for specific skills.[18]

---

[15] Sue E. Berryman, "Youth Unemployment and Career Education: Reasonable Expectations," *Public Policy*, Vol. 26, No. 1 (Winter 1978), p. 29. The other study referred to is Eleanor McGowan and David Cohen, "Career Education—Reforming School Through Work," *Public Interest*, Vol. 46, No. 4 (Winter 1977).

[16] McGowan and Cohen (1977), p. 34.

[17] NIE has published a volume describing the four pilot programs. See Keith Goldhammer et al., *Experience Based Career Education: A Description of Four Pilot Programs Financed Through the National Institute of Education, Final Report* (Washington, D.C.: National Institute of Education, January 15, 1975).

EBCE students seem to drop out of school at a lower rate than control students. Beyond this effect, however, it is difficult to evaluate the employability effects of EBCE because most of the data collected thus far are based on testimonials by students and their parents.[19] These testimonials have generally been quite favorable.

EBCE has limited demonstrated effectiveness in helping disadvantaged youngsters. "Clearly, it thus far has not—and perhaps cannot—reach those facing the most severe problems and barriers to employment. Its enrollees have been primarily middle-class students looking for an alternative to classroom boredom; they were not the disadvantaged."[20] It has also been suggested that EBCE may be valuable for the relatively few who have undergone it, but that it is not likely to attract enough employers to extend to a large proportion of students.[21]

2. The Career Intern Program

The Career Intern Program (CIP) is of particular interest because it is explicitly targeted on dropouts and potential dropouts and because it was well designed for evaluation purposes. The original pilot program was housed in Philadelphia and served about 250 persons, mainly black students. It grew out of an already successful self-help program for blacks and other minorities, Dr. Leon Sullivan's Opportunities Industrialization Centers of America.

The CIP is similar to EBCE, combining both experiential and classroom learning. It emphasizes counselling and career planning and is well supervised, with a ratio of one adult to every 15 students.

---

[18] A short description of EBCE as embodied in the four pilot programs can be found in Ronald B. Bucknam, "The Impact of EBCE—An Evaluator's Viewpoint," *Illinois Career Education Journal*, No. 3 (Spring 1976).

[19] Crowe and Adams (1979), p. 35.

[20] Garth Mangum and John Walsh, *Employment and Training Programs for Youth: What Works Best for Whom?* (Washington, D.C.: National Council on Employment Policy, May 1978), p. 100.

[21] Beatrice G. Reubens, *Bridges to Work: International Comparison of Transitional Services* (Washington, D.C.: U.S. Department of Labor, July 1977).

A comprehensive evaluation of the Philadelphia CIP program was conducted from January 1974 through February 1976.[22] The sample was designed to study three cohorts of students including an experimental and a control group for each cohort. The most pertinent findings can be summarized as follows: there were negligible differences in the employment records of the interns and the controls. About one-third of the interns and one-third of the controls were employed six months or more after graduation. However, the interns were much more likely to stay in school. Almost 30 percent of the men and 50 percent of the women had gone on for additional education beyond high school.

Intensive staff effort directed at keeping attendance high was apparently quite successful. Only about 33 percent of the interns dropped out of school compared to 85 percent of the controls.

While this model has shown sufficient promise to be tried in other locations under the Youth Employment and Demonstration Projects Act, there are two reasons to proceed with caution. First, we cannot yet be confident that the program has any long-term effect on employability. Second, we cannot yet be confident that an innovative program run by its dedicated and enthusiastic designers can be replicated under ordinary administration.

C. Compensatory Education

A major barrier to the employability of minority and poor youth is their educational disadvantage. For example, black youth make up 14 percent of the total population in grades 1-6, but they account for 28 percent of the educationally disadvantaged. Hispanic children in grades 1-6 are about 6 percent of the equivalent population but 11 percent of the educationally disadvantaged.[23]

In general, there is a strong correlation between being economically disadvantaged (based on parents' income) and educationally disadvantaged (based on measures of achievement).

---

[22] Richard A. Gibboney Associates. *The Career Intern Program Final Report, Volume I: An Experiment in Career Education* and *Volume II: Technical Appendices* (Blue Bell, Pennsylvania: Richard A. Gibboney Associates, 1977).

[23] Vincent J. Breglio et al., *Students' Economic and Educational Status and Selection for Compensatory Education*, Technical Report #2 from the Study of the Sustaining Effects of Compensatory Education on Basic Skills (Santa Ana: Decima Research, January 1978), p. 92. There is some controversy over what is the correct definition of educational disadvantage, but by virtually any definition, blacks and Hispanics are disproportionately in this category. The definition to which the percentages in the text refer is one or more years below grade level.

High school dropouts, who are also disproportionately black and Hispanic, face a significantly higher probability of becoming unemployed than do high school graduates. Finally, educational problems appear to be disproportionately an urban problem. Cities over 200,000 contain 15 percent of the children in grades 1-6, but 25 percent of the educationally-disadvantaged children.[24]

To examine the potential of the schools to close the basic skills gap between disadvantaged and other youth, it is necessary to examine briefly the nature of the public school system in the United States. This system is deeply rooted in the tradition that educational decisions, especially those involving curriculum and resource allocation should be made at the local level. The existence of 16,000 largely autonomous political units, the school districts, reflects the strength of this tradition. Before 1965, federal involvement in elementary and secondary education was confined to vocational education (reviewed earlier) and a few very specific programs.[25]

The passage of the Elementary and Secondary Education Act of 1965 launched a new era in federal government involvement in education. This act was a primary component of the "War on Poverty" and its major title, Title I, provided substantial funds to school districts for compensatory education purposes, that is, to redress the educational gaps highlighted at the beginning of this section. Nevertheless it should be remembered that federal funds, including those that come out of revenue sharing, remain a relatively small proportion (less than 10 percent) of total expenditures on elementary and secondary education.

Since 1965, other programs have been added to provide assistance to disadvantaged preschoolers (Head Start), to Indian children, to the handicapped, and to children for whom English is a second language. Additional federal aid goes to provide emergency school aid for desegregation, to assist libraries, to support curriculum development, to pursue and disseminate research, and to train teachers. All of this legislation has resulted in at least 75 separate federal programs affecting elementary and secondary education directly or indirectly. In this section we focus solely on compensatory education programs and their likely effects on the distribution of labor market opportunities. In terms of specific programs, the empirical studies which we will be discussing are primarily those which evaluate programs under Title I of the Elementary and Secondary Education Act of 1965. We will focus on these programs as synonymous with "compensatory education" because (1) they account for the bulk of expenditures on compensatory education,[26] and (2) because they have been the topics of the most extensive evaluations.

---

[24] Breglio et al. (1978), p. 92.

[25] These included: payments to school districts affected by other federal programs (primarily Impact Aid for children whose parents live or work on federal property); aid through the Bureau of Indian Affairs; and assistance for the instruction of critical subjects under the National Defense Education Act of 1958.

1. Title I: Description

Title I was established to provide financial assistance to help meet the special educational needs of disadvantaged children, and is the largest education program in the federal budget. Approximately 6 million children in over 14,000 schools were served by Title I programs in 1976–77, at an average per pupil cost of about $450. Although the legislation does not restrict funding to the elementary level, most of the students served are in the first through sixth grades.

Title I is set up so that funds are allocated to school districts on the basis of concentrations of economically-disadvantaged (low-income) students. Schools then select educationally-disadvantaged (low-achieving) students for participation in compensatory education programs. As a result of this dual basis for determination of "disadvantaged," about 40 percent of elementary students from poverty backgrounds and 47 percent of elementary students who are one or more years below grade level in achievement receive compensatory assistance.[27]

2. Education and Employment: Theory and Evidence

There are at least three questions of importance in understanding the relationship between education and the success of youth in the labor market. First, to what extent will acquisition of cognitive skills and additional years of education increase employability? Second, to what extent are school variables critical in imparting cognitive skills to children? Third, to what extent can the schools be used to narrow the gap in cognitive skills between disadvantaged and other youth? We will consider evidence on question (1) briefly before examining questions (2) and (3).

---

[26] Title I ($2.3 billion) accounted for 59 percent of the $3.9 billion appropriated for specified types of students under federal elementary-secondary education programs for fiscal 1977.

[27] These figures are taken from a study specifically designed and commissioned by the Office of Education to respond to a Congressional mandate to provide such information. About one-third of each group received Title I funded assistance, while other students received non-Title I compensatory assistance (Breglio et al., pp. 16 and 29). These figures diverge significantly from those indicatd in an earlier study which was not designed specifically to provide such estimates. In this study it was reported that about one-half of elementary students from poverty backgrounds receive compensatory assistance in reading while two-thirds of educationally-disadvantaged

We have seen earlier that dropout prevention programs, which do not change the basic services delivered by the schools, may provide credentials which increase the access of certain individuals to jobs. But they are unlikely to increase the number of jobs or the productive capacity of the economy as a whole. In contrast, increases in educational competence could have such salutary effects. And, in fact, attempts to improve cognitive skills at the preschool, elementary and secondary levels permeated most of the antipoverty strategies of the sixties.[28] It was thought that increasing education would increase productivity and, hence, earnings for rich and poor alike; and it was hoped that compensatory education targeted on the disadvantaged would reduce the inequality of earnings. We will see that optimism about these programs was soon tempered by a series of rather negative evaluations of their performance.

While it is hoped that increasing educational competence will eventually lead to a reduction in youth unemployment, the connections between education and employment are not well understood and continue to be a topic of unresolved controversy, as reported in Chapter 2. Educational attainment (years of schooling) appears to be more highly correlated with earnings and employment than does educational achievement (test scores). In any case, even if achievement is not directly related to labor market prospects, it does seem to lead to higher attainment which appears to have a more certain relation to later employment.

At a theoretical level, the controversy centers on whether education increases people's productivity or provides them with a credential which employers use as a screening device.[29] So far, it has been impossible to separate the two effects empirically, although the distinction is clearly important for policy purposes. An individual

---

students receive such assistance. See George Mayeske, *Technical Summary: A Study of Compensatory Reading Programs* (Washington, D.C.: U.S. Department of Health, Education and Welfare, Office of Education, 1976), pp. 12-13.

[28] Levin, in Haveman (1977), p. 159.

[29] Those familiar with the economics of education will know that we are barely scratching the surface of a large body of material and varying viewpoints on the role of education and training in reducing poverty and on the performance of various programs.

youth may be well-advised to finish high school to improve his/her employability. However, what may be true for an individual does not tell us what would happen if we increased the average years of schooling for the entire youth cohort, particularly if the effect is mainly due to credentialing.

3. Compensatory Education and Cognitive Skills: Round One

Leaving aside the unresolved question of the ways in which schooling increases employability, we turn to questions (2) and (3) about the effectiveness of the education system in teaching cognitive skills and in reducing inequalities in the educational performance of various groups.

The first major study of relevance here was the widely publicized "Coleman Report."[30] This was a massive study of (1) the educational resources available to different racial groups in different parts of the country, and (2) the relationship between measurable student and school variables on the one hand and student performance on standardized tests on the other. The findings were (1) that the disparities in the availability of school resources were smaller than anticipated and that (2) measured school characteristics had a surprisingly weak relationship to student cognitive achievements.

Another widely publicized study, *Inequality*,[31] by Christopher Jencks, seemed to confirm many of the findings of the Coleman Report. Family background, socioeconomic characteristics of peers and pure luck (defined by Jencks as unexplained variance in earnings) seemed to be more important determinants of differences in earnings than measured cognitive skills.

One of the more disturbing aspects of the Coleman and Jencks reports was the finding that not only did certain students start at a disadvantage, they fell further behind the longer they stayed in school. This was a cause for considerable pessimism about using the school system to reduce inequality. On the other hand, it was an argument for using federal government funds to try to deal with the problem.

Roughly sandwiched chronologically between the Coleman (1966) and Jencks (1972) reports were a series of program evaluations of Title

---

[30] James S. Coleman, *Equality of Educational Opportunity* (Washington, D.C.: U.S. Government Printing Office, 1966).

[31] Christopher Jencks, *Inequality: A Reassessment of the Effect of Family and Schooling in America* (New York: Basic Books, 1972).

I. Surveying both government and nongovernment evaluations of compensatory education, Levin concluded that "There is not much reason for optimism in using schools to close the cognitive gap between disadvantaged and advantaged children."[32] Similarly, Aaron summarizes "The evaluations almost universally reported negligible effects or improvements that faded away after the treatment was stopped."[33]

The responses to these early negative evaluations were of two kinds. First, there were serious critiques of the methodologies employed in most of the early studies.[34] Second, in response to the critiques and based on some new information, there is now a much more positive set of evaluations concerning the effects of compensatory education.

4. Compensatory Education and Cognitive Skills: Round Two

The disarray on the evaluation front understandably left lawmakers in a quandary concerning how to proceed with funding of compensatory education. Hence, Congress included in the 1974 amendments to Title I mandates for several new studies. One of these mandates directed the National Institute of Education (NIE) to conduct a comprehensive study of compensatory education in time for the next Title I reauthorization in 1978. Another mandate directed the Office of Education to conduct or monitor several studies of compensatory education, including a longitudinal survey of the effects of Title I. The NIE study is now complete and will be summarized below. The various Office of Education (OE) studies are partially complete, and we will report on the results to date.

In its preliminary reports, the NIE specified three evaluation issues. Briefly, they were:

(1) Were federal funds allocated to states on the basis of numbers of low-income students?
(2) Did school districts provide special services for low-achieving students?
(3) Did cognitive skills of low-achieving students improve?

---

[32] Levin, in Haveman (1977), p. 194.

[33] Henry J. Aaron, *Politics and the Professors* (Washington, D.C.: The Brookings Institution, 1978), p. 84.

[34] The Rand Corporation prepared a report for the President's Commission on School Finance which documents the procedural errors that plagued the early studies (and unfortunately remain in some of the later studies). Two major errors were: (a) the use of cross-sectional data to make longitudinal inferences and (b) the failure to assign treatment and control children on a random basis. For detailed information see Harvey

Congress was quite concerned with the question of who was receiving Title I funds. Considerable resources in both the NIE and OE studies went into answering this question. If services are not received by disadvantaged students, then the question of whether Title I funds improve the cognitive skills of disadvantaged students is hardly meaningful.

Fortunately, both the NIE and OE studies show that school districts receiving larger allocations of Title I funds have larger numbers of poor children and that per-pupil expenditures on low-achieving students are greater than on other students. For example, the NIE study found that in the lowest-income districts Title I aid per pupil is more than five times as large as Title I aid in the highest income districts. Thus, targeting seems to be effective as far as the distribution of funds is concerned. There remains the question of exactly how funds **should be** targeted. If we wish to assure that low-income students who are also low-achievers receive highest priority, then this should receive explicit recognition at the local level as well as at the federal level.

In addition to the finding that Title I funds are being channeled toward the disadvantaged, recent evidence also suggests that Title I programs improve the cognitive skills of disadvantaged children. The evidence comes from state and local sources as well as from the major national NIE- and OE-funded studies already mentioned.

Local Title I program evaluations have shown an increasing incidence of projects in which the achievement gap between compensatory and other students has been narrowed by one-third or more. Annual reports from the states in recent years tend to show that participating students achieve at a rate that equals or surpasses that of the average student.

The national surveys have produced results which support the state and local findings. Contracted by the Office of Education and based on a nationally representative sample of public elementary schools in 1972-73, the Educational Testing Service and RMC Research Corporation conducted the first comprehensive study of reading programs funded under Title I.[35] This study found that compensatory students did **not** fall further behind their more advantaged peers between the fall and the spring of the school year

---

Averch et al., *How Effective is Schooling? A Critical Review of Research Findings* (Santa Monica: Rand Corporation, 1972).

[35] George Mayeske (1976).

and may even have closed the gap somewhat.[36] Compensatory students also acquired more self-esteem as readers. This latter result contrasts with the pre-Title I Coleman Report findings that disadvantaged students developed an increasing sense of fatalism about affecting their life chances through education.

Unlike the ETS/RMC study, the NIE study did not attempt to draw a general or random sample survey of projects under Title I. Instead, particular programs were selected which were anticipated to have positive results, and which had selected program characteristics with respect to instructional setting, time spent in instruction and content of instruction. Overall, the results showed significant achievement gains for disadvantaged children.[37]

In conclusion, the recent evidence is encouraging.[38] There are still, of course, more and less successful programs, but it appears that the variance is now around a positive record for the program as a whole.

While it appears that the performance of the average Title I program is improving, it is still very difficult to explain precisely why certain schools succeed in educating the disadvantaged while others do not. National evaluations are essential for telling us how Title I is doing overall, but they may not tell us what makes particular schools successful. Recent research on educational effects has tried to answer this question by conducting more intensive case studies.[39] So far the findings are quite diverse, and the art of replicating successful programs remains problematic.

At a recent conference cosponsored by the National Commission for Employment Policy, one participant listed the following as characteristics of successful programs: (1) teachers establish objectives; (2) teachers expect their students to achieve; (3) a businesslike approach typifies both teachers and administrators; (4) a wide repertoire of teaching techniques is employed; (5) where paraprofessionals are used, they act like teachers; (6) parents participate actively; and (7) peer tutoring occurs.[40]

---

[36] The positive findings are tempered by the possibility that positive gains during the school year are largely lost over the summer. Compensatory students may experience greater summer skill attrition than do their non-disadvantaged peers. These effects could reduce or remove any long-run impact of compensatory education. The studies to date do not adequately measure such skill attrition and may overstate it. The reason is that the most educationally needy are served and they are not necessarily the same students each year. Hence, a student who progresses sufficiently is no longer a compensatory student. The Department of Education is currently in the process of conducting a "Sustaining Effects Study" which should give us more information about the impact of compensatory education on an individual as he/she progresses through school.

[37] Joy Frechtling, *The Effects of Services on Student Development* (Washington, D.C.: U.S. Department of Health, Education and Welfare, National Institute of Education, September 30, 1977).

[38] Similar positive findings are reported in Sol H. Pelavin and Thomas C. Thomas, *Patterns in ESEA Title I Reading Achievement*, Research Report EPRC 4537-12 (Stanford: Stanford Research Institute, 1976).

[39] One of the better-known studies is Anita Summers and Barbara L. Wolfe, "Do Schools Make a Difference?" *American Economic Review*, Vol. 67 (September 1977).

What are the implications of the Title I experience for youth employment? Should compensatory education programs be extended into the secondary schools? It has been widely publicized that achievement test scores for high school and junior high school students rose through the mid-sixties and have been declining ever since. Studies have shown that these declines cannot be attributed primarily to either: (a) changes in the tests and the way they are scored or (b) changes in the composition of groups taking the tests.[41]

Explaining what **has** caused the decline in test scores remains a topic of research and concern. Surely part of the explanation is rather straightforward. We changed school curricula to include more aesthetic and expressive activities, without increasing the total amount of time students spend in school. Necessarily the amount of time spent on traditional subjects was reduced. Some have suggested that the major impact of this dilution of the traditional curriculum has been on disadvantaged students, and recently there has been some reaffirmation of faith in that curriculum. This is reflected in the "back to basics" movement, and the fact that forty states now require minimum competency tests for the awarding of high school degrees.

At the same time that upper level students' test scores have been declining there is no evidence of declines in the early grades (1-4), and there may have been some improvement. Whether relatively better performance recorded by students under compensatory education reported earlier is responsible for this improvement is unclear but the data are suggestive. Thus, it may be that a renewed emphasis on basic skills, together with compensatory programs for the disadvantaged, can contribute to youth employability.

See also Ronald R. Edmonds, "Some Schools Work and More Can," *Social Policy* (March/April 1979).

[40] These comments were made by Henry Brickell of the Academy for Educational Development at the Symposium on Education and Youth Unemployment, Reston, Virginia, September 6-7, 1979.

[41] See Annegret Harnischfeger and David Wiley, "The Decline of Achievement Test Scores: Evidence, Causes and Consequences," TM Report 59 (Princeton: Educational Testing Service, February 1977).

D. Conclusions

This chapter has reviewed the role of the schools in improving youth employability. We have considered those areas in which the federal government has taken an active role, especially compensatory, career and vocational education. Even in these areas, the federal role is limited and implementation is left to state and local school districts.

Clearly, schooling contributes to lifetime earnings and employment stability, although the nature and magnitude of the contribution remains in dispute. Schools certainly have other objectives and other factors affect earnings, but education does contribute to later economic achievement and possibly could make a more substantial contribution.

Vocational education can improve youth employability either because it imparts saleable skills to participants or because it encourages them to obtain more schooling. It appears that vocational education has been more successful for women than for men, in both of these areas.

Career education has arisen in explicit recognition of the need for assisting young people in the transition from school to work. So far, the federal role has been limited to the provision of seed-money to encourage the development of state and local programs. The potential impact of career education in assisting the disadvantaged is problematic since it has been directed mainly at middle-class youngsters.

Since compensatory education is directed primarily toward youth in the elementary grades, the connection is even more removed than that between vocational education and employment. The proximate linkage of compensatory education to employability is through its effects on cognitive skills, and we have concentrated primarily on studies of these effects. The most recent evaluations of compensatory education show that disadvantaged children are no longer falling further behind their peers through the early grades. Providing a similar set of compensatory programs for older students might contribute to their educational progress and ultimately to their employability.

Case studies are not consistent in their identification of the characteristics of successful schools, programs, and teachers, but we are beginning to tease out a few commonalities. It remains to be seen whether and how the information gathered can be used to replicate the successful models.

Chapter 7: Employment and Training Programs for Youth—A Review of the Experience

A. Introduction

This chapter is written at an awkward time: national policies dealing with youth employment are under review and, concurrently, previously-funded demonstrations of several new program concepts (e.g., job entitlements and awarding academic credit for work experience) have yet to yield their findings. Therefore, this review is largely a recapitulation of the already-known, not an exposure of new material.

This chapter begins with a brief review of the history of federal involvement in the employment and training arena. It then attempts to assess what has been accomplished by (1) job creation programs for youth, (2) training programs for youth, especially the Job Corps, and (3) the Employment Service's efforts on behalf of youth. The chapter ends with a summary of what has been learned to date.

Throughout this review, it is important to remember that there are few rigorous assessments of the long-term impact of earnings and employment. Several efforts underway (including the Continuous Longitudinal Manpower Survey) will provide the data with which to make such assessments. Others (e.g., the Mathematica Policy Research study of the Job Corps) have already analyzed the short-term impacts of the programs and will continue to track the experience of participants.

B. Overview

While federal efforts directed at increasing the employability and employment of youth have a long history,[1] it was only in the early 1960's that the use of employment and training programs to improve the employability and increase the earnings of poor and disadvantaged youth began. At that time, the growing recognition of, and concern about, the difficulties that youth encounter in the labor market gave rise to a number of proposals. In 1963, the Manpower Development and Training Act (MDTA) was amended to allow an increased number of youth to participate in its on-the-job (OJT) and classroom training programs.

In 1964, the Economic Opportunity Act (EOA) increased the emphasis on improving the employability and employment of the economically disadvantaged. For youth, the EOA established the Neighborhood Youth Corps (NYC), primarily a work experience program, and the Job Corps, an intensive training and remedial education program.

The enactment of the Comprehensive Employment and Training Act (CETA) in 1973 resulted in the consolidation of training and employment activities into one authority, which was to be exercised (to a considerable degree) by state and local prime sponsors. While the mix of services shifted due to the onset of a serious recession and the increased involvement of suburban sponsors in the program, the proportion of youth enrolled in various activities does not appear to have changed appreciably in the transition from categorical programs to CETA. (See Tables 7-1 and 7-2.)

In 1977, the Youth Employment and Demonstration Projects Act (YEDPA) provided several new program initiatives and substantially increased the funding for youth-targeted activities; although it appears that, due to intraprogrammatic displacement, the net increase in services to youth was somewhat less than the increased funding would have otherwise provided.

In addition to expanding the level and range of services available to youth, YEDPA had as a stated purpose:

---

[1] The antecedents of current efforts go back at least to the Morrill Act of 1862, which established the land grant colleges, while the current vocational educational legislation descends lineally from the Smith Hughes Act of 1917. During the 1930's, the Civilian Conservation Corps and the National Youth Administration were focused on reducing youth joblessness and the Wagner Peyser Act designated "juniors" as a group to be served by the Employment Service. As a response to the "space-race" the National Defense Education Act in 1958 provided federal support to increase the supply of scientists and engineers.

Table 7-1

Comprehensive Employment and Training Act Titles I, II and VI Federal Obligations, Total Participants and Proportions of Total Participants Under 22 Years of Age

Fiscal Year	Federal Obligations (Millions)	Total Participants[a] (Thousands)	Proportion of Total Participants Under 22 Years of Age (Percent)
		Title I	
1975	1,585.1	1,126.0	61.7
1976	1,527.8	1,731.5	56.7
Transitional Quarter[b]	395.1	N/A	N/A
1977	1,871.4	1,415.6	51.7
1978	1,910.4	1,331.5	48.8
		Title II	
1975	668.8	227.1	23.7
1976	665.5	255.7	21.9
Transitional Quarter[b]	97.5	N/A	N/A
1977	1,195.6	352.9	20.3
1978	347.3	210.2	20.8
		Title VI	
1975	872.3	157.0	21.4
1976	1,624.0	495.2	22.0
Transitional Quarter[b]	997.1	N/A	N/A
1977	5,005.6	592.9	20.3
1978	1,861.2	1,016.9	21.4

[a] The "total participant" category is not directly comparable with "first time enrollments" displayed in other tables, except for FY 1975. In subsequent fiscal years, the "total participants" category includes individuals whose period of enrollment began in a prior fiscal year and continues into the year of the report.

[b] From July 1, 1976 through September 30, 1976.

N/A — Not available

Table 7-2

Comprehensive Employment and Training Act
Proportion of New Enrollees Under Age 22
by Program Assignments

	All Programs[a]	Initial Program Assignments								
Year	Total New Enrollees	Total in Non-Summer Programs	Employability Development			PSE	Direct Referral	Youth Work Experience	No Assign. Shown[b]	Summer Program
1975[c]										
Total New Enrollees[d]		1,353.5	465.1			424.3	139.4	324.8	N/A	821.7[e]
Under 22		44%	29%			23%	31%	100%	N/A	100%
Under 18		(16%)	(3%)			(1%)	(3%)	(59%)	N/A	f
18-21		(28%)	(26%)			(22%)	(28%)	(41%)	N/A	f
			IST	OJT	AWE[g]					
1976[f]										
Total New Enrollees	1,975.5	1,152.2	209.0	81.5	91.8	241.8	145.4	272.9	110.0	504.8[h]
Under 22	68%	46%	36%	33%	10%	24%	32%	100%	38%	100%
Under 18	(42%)	(16%)	(4%)	(2%)	-	(2%)	(3%)	(58%)	(7%)	(78%)
18-21	(26%)	(30%)	(32%)	(31%)	(10%)	(22%)	(29%)	(42%)	(31%)	(22%)
Transition Quarter[i]										
Total New Enrollees	629.6	265.3	50.6	17.5	19.1	64.0	30.7	61.6	21.8	364.3[j]
Under 22	76%	44%	34%	28%	10%	20%	36%	100%	36%	100%
Under 18	(52%)	(14%)	(3%)	(3%)	-	(1%)	(3%)	(58%)	(4%)	(78%)
18-21	(24%)	(30%)	(31%)	(25%)	(10%)	(19%)	(33%)	(44%)	(32%)	(19%)
1977[k]										
Total New Enrollees	2,227.6	1,269.5	235.8	101.7	91.9	389.6	84.7	213.9	151.9	958.1
Under 22	65%	41%	38%	34%	10%	21%	32%	100%	36%	100%
Under 18	(41%)	(13%)	(4%)	(4%)	-	(1%)	(4%)	(61%)	(4%)	(80%)
18-21	(24%)	(28%)	(34%)	(30%)	(10%)	(20%)	(28%)	(39%)	(32%)	(19%)

Table 7-2 Footnotes

[a] Includes those activities funded under Titles I, II, III and VI of CETA. Does not include data for Job Corps, the Young Adult Conservation Corps. Data on participants in nationally-funded special projects are not included.

[b] Includes individuals enrolled in programs for whom initial assignment information is unavailable.

[c] Data are for Calendar Year, i.e., January through December 1975.

[d] Numbers in thousands.

[e] Estimated enrollments.

[f] Fiscal Year 1976 based on former basis, i.e., July 1, 1975 through June 30, 1976.

[g] IST—institutional skills training; OJT—on-the-job training; AWE—adult work experience.

[h] Summer enrollments for the period April-June 1976 only. Enrollments occurring subsequent to June are reported in the Transition Quarter.

[i] Transition Quarter covers the period July 1 to September 30, 1976.

[j] Summer enrollees for period July-September 30, 1977.

[k] Period of October 1, 1976 through September 30, 1977.

N/A—Not available
SOURCE: Continuous Longitudinal Manpower Survey, Westat, Inc.; various selected reports.

> ...to establish a variety of employment, training, and demonstration programs to explore methods of dealing with the structural unemployment problems of the Nation's youth. The basic purpose of the demonstration programs shall be to test the relative efficacy of different ways of dealing with these problems in different local contexts...[2]

To accomplish this stated objective, the Office of Youth Programs structured a wide range of experiments and demonstrations all guided by an overall Knowledge Development Plan (KDP).[3] The KDP describes what issues will be addressed, the approaches to be used, and the time frames in which results will become available.

The KDP activities will provide: new data and insights into the composition of the youth population in need and the types of services they require; the absolute and relative effectiveness of various strategies (job creation, training, job development, etc.); the strengths and limits of various delivery systems in providing services to youth. Unfortunately, while this chapter takes into account the most recent analyses, it is being written at a time when the KDP results are only partially available. Therefore, its conclusions may be subject to change when the KDP results are all available.

---

[2] The Youth Employment and Demonstration Projects Act of 1977, P.L. 95-93, Section 321.

[3] See, for example, U.S. Department of Labor, Employment and Training Administration, *A Knowledge Development Plan for Youth* (Washington, D.C.: U.S. Department of Labor, December 1978).

C. Job Creation

As noted in earlier chapters, the lack of a sufficient number of jobs is one of the major causes of youth joblessness. Focusing job creation efforts on youth can potentially: (1) alleviate their unemployment; (2) provide them training and experience which will make them more productive members of the labor force; and (3) reduce the inflationary consequences of a general expansion of employment opportunities.

Over the past decade-and-a-half, programs that provide work opportunities have served a large number of youth. Individuals under 22 years old have comprised approximately 20 percent of all public service employment (PSE) participants under CETA and the predecessor Emergency Employment Act programs.[4] In FY 1978, more than 250,000 persons under 22 years of age were employed in PSE jobs; however, most publicly-created employment opportunities for youth have been in short-term work experience programs.[5]

Because of resource constraints, methodological limitations and other reasons, job creation programs for youth have not been thoroughly assessed to date. In the discussion that follows, the general findings of the assessment literature will be summarized; however, these should not be viewed as unqualified conclusions concerning program effects, since many are noteworthy more for their methodological implications than for their policy pertinence.[6]

1. Work Experience

Originally authorized under the Economic Opportunity Act of 1964 (EOA), work experience is intended to provide economically-disadvantaged youth with some income and actual experience, usually with a public or nonprofit employer. As established by EOA, the program had three major components: (a) **In-school Work Experience,** intended to provide disadvantaged students with some work exposure and to induce potential dropouts to remain enrolled in school until graduation by providing them part-time, minimum-wage jobs during the school year; (b) **Out-of-School Work Experience,** intended to provide out-of-school youth, over 16 years old, with an employment opportunity, and some training as a means of increasing their longer-term employability; (c) **Summer Work Experience,** intended to make up the shortfall in summer youth jobs in the hope that the participants would be less troublesome during the summer and more likely to return to school in the autumn.[7]

---

[4] To date, there has not been an assessment of the impact of PSE on participants that permits differentiation of the net effects by the age of participants.

[5] The term "work experience" refers to relatively short-term employment, usually with a public or nonprofit employer, which is intended to increase the participants' understanding of the world of work, interpersonal relationships, work-related habits (punctuality, dress), etc. Sometimes it is combined with remedial education and/or formal training activities. Thus, the activities reported under this heading vary widely in content and quality.

[6] For a review of this topic see: Ernst Stromsdorfer, "The Effectiveness of Youth Programs: An Analysis of the Historical Antecedents of Current Youth Initiatives" in *Youth Employment and Public Policy*, edited by Bernard Anderson and Isabel Sawhill (New York: Prentice-Hall, 1980).

The NYC programs provided hundreds of thousands of economically-disadvantaged youth with part-time, minimum-wage jobs. While participants, worksite hosts and program operators enthusiastically praised the program, others, including many of the analysts who conducted assessments of it, were less impressed with the post-program impacts. Some of the difficulties stemmed from an "ambivalence of objectives."[8] The NYC was intended to provide a massive number of jobs each summer, keep youth in school, and enhance the employability of those who had left school. Further, it was expected to do all of this cheaply, with few (if any) supportive services. Because of this multiplicity of objectives, the basis on which the programs are to be assessed is not always clear.

In-School Work Experience

Over the ten years it operated, the NYC in-school program enrolled, on average, approximately 130,000 youth each year (see Table 7-3). About 80 percent of the enrollees were 17 years of age or younger; almost half were members of a minority group; half were male; and most were from families with incomes well below the poverty level.[9] (See Table 7-4.)

One objective of the in-school work experience program is to induce youth to remain in school by providing them with supplementary income. The underlying premise is that individuals drop out of school because they lack sufficient income and that graduating from high school improves an individual's employability. Another assumption, implicit in the design, is that work is an inherently valuable activity; otherwise it would be preferable to

---

[7] Apparently, most of the CETA prime sponsors have retained this organizational typology, although there have been changes in the level and organization of the activities.

[8] Sar Levitan et al., *Human Resources and Labor Markets* (New York: Harper & Row, 1972), p. 343.

[9] *Manpower Report of the President* (Washington, D.C.: U.S. Department of Labor), various years.

Table 7-3
Neighborhood Youth Corps[a]
Federal Obligations, Enrollment Opportunities and New Enrollees
FY 1965 to FY 1974

Fiscal Year	Federal Obligations (Millions)	Enrollment Opportunities[b] (Thousands)	New Enrollees[c] (Thousands)
		In-School	
1965	(d)	102.2	54.7
1966	(d)	188.8	160.8
1967	67.4	139.0	166.8
1968	58.9	135.0	118.3
1969	49.0	100.6	84.3
1970	59.2	97.1	74.4
1971	58.0	78.8	120.0
1972	74.9	101.6	186.0
1973	64.1	111.3	165.3
1974	88.6	136.1	163.4
		Out-of-School	
1965	(d)	61.7	35.6
1966	(d)	98.6	166.9
1967	147.8	79.3	161.6
1968	95.9	62.7	93.8
1969	122.2	50.0	74.5
1970	[illegible]7.9	45.4	46.2
1971	115.2	40.1	53.0
1972	122.0	41.6	65.0
1973	106.9	38.7	74.7
1974	113.7	41.2	71.6

[a] Includes in-school and out-of-school components only. Does not include summer programs, nor the small Work Training in Industry program.

[b] Estimated number of positions funded on a full-year basis.

[c] The number of first time enrollments generally exceeds the number of enrollment opportunities (slots), since a slot may be used by more than one individual during a year.

[d] Disaggregated obligations data are not available for Fiscal 1965 and 1966.

SOURCE: *Manpower Report of the President*, selected years.

Table 7-4

Characteristics of Enrollees in NYC In-School Programs[a] (Percent Distribution)

Characteristic	Year of Enrollment								
	9/65 to 8/66	9/66 to 8/67	9/67 to 8/68	9/68 to 8/69	9/69 to 8/70	9/70 to 8/71	9/71 to 8/72	9/72 to 8/73	9/73 to 8/74[c]
Total (000's)	357.8	446.0	483.7	474.6	517.0	687.2	945.9	553.7	163.4
Sex									
Male	54.8	54.8	54.2	53.4	50.0	54.9	56.6	53.1	51.0
Female	45.2	45.2	45.8	46.6	50.0	45.1	43.4	46.9	49.0
Age									
Under 17	28.4	47.6	47.8	56.4	42.8				
17 to 19	69.7	51.4	51.0	42.7	55.7	96.5[d]	97.1[d]	97.8[d]	98.2[d]
20 to 21	1.9	1.0	1.2	0.9	1.5	3.5[e]	2.9[e]	2.2[e]	1.8[e]
22 and over	-	-	-	-	-				
Race									
White	56.8	52.4	47.3	46.3	53.7	38.1	40.0	42.9	48.3
Black	38.0	43.3	48.0	47.4	42.5	56.5	53.4	48.4	42.3
Other	5.2	4.3	4.7	6.2	3.9	5.4	6.6	8.7	9.4
Years of School									
8 or Less	8.6	9.9	15.1	20.2	17.2	20.2	19.3	18.5	20.3
9 to 11	88.5	88.5	83.6	78.6	82.0	75.6	77.2	75.8	77.1
12 or More[b]	2.9	1.5	1.4	1.2	0.8	4.2	3.6	5.7	2.6
% Who Ever Had Paying Job	41.5	43.8	39.3	36.8	56.8	N/A	N/A	N/A	N/A
Disadvantaged	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100.0	100.0

[a] Includes enrollees in summer programs.

[b] Not necessarily high school graduates.

[c] Excludes enrollees in summer programs.

[d] Ages under 19 years.

[e] Ages 19 to 21 years.

N/A — Not available

SOURCE: *Manpower Report of the President*, various years.

provide poor youth with an income transfer to keep them in school. There is also an assumption that provision of a job will reduce involvement in activities that are socially undesirable (e.g., suicide, crime, drug and alcohol abuse).

The preponderance of the evidence indicates that the in-school program did not significantly modify the propensity of youth to drop out of or remain enrolled in school.[10] In fact, one study found some evidence that, for academically-marginal students, the provision of an NYC job may have been detrimental to their scholastic performance.[11]

While the evidence is somewhat discouraging regarding the effects on school enrollment and performance, the in-school program did receive favorable assessments on other fronts. It was found that the program had a significant income effect for participants relative to a comparison group of nonparticipants.[12] Further, it has been reported that "...the evidence is mixed but mildly encouraging concerning the impact of NYC on crime and delinquency."[13]

Surveys of the attitudes of the participants found that they were generally satisfied with the program. There were differing perceptions of the program's objectives, however. While program designers saw it as a means of raising school completion rates, enrollees entered the program to earn money, "mostly for clothes, school expenses, or to help their families."[14] Further, the participants expressed some dissatisfaction that the NYC jobs did not lead to permanent employment and did not train them for more specific skills.

To summarize, although several analyses concluded that the in-school program did not have the expected educational effects, there was wide agreement that the program did provide needed income and work experience to many disadvantaged youth. It gave the enrollees at least some exposure to the world of work that, in the absence of the program, they might not have had. Further, it gave them something to do during a time when they might otherwise have engaged in less-acceptable activities, with their concomitant social costs.

---

[10] Garth Mangum and John Walsh, *Employment and Training Programs for Youth: What Works Best for Whom?* (Washington, D.C.: U.S. Department of Labor, May 1978), p. 56.

[11] Gerald Robin, "An Assessment of the In-Public School Neighborhood Youth Corps Projects in Cincinnati and Detroit, With Special Reference to Summer-Only and Year-Round Enrollees," as cited in Marjorie Egloff, *The Neighborhood Youth Corps: A Review of Research* (Washington, D.C.: U.S. Department of Labor, 1970), p. 35.

[12] Ernst Stromsdorfer and Gerald Somers, "A Cost Effectiveness Study of the In-School and Summer NYC" (Madison: University of Wisconsin, 1970).

[13] Robert Taggart, "Employment and Training Programs for Youth," in *From School to Work*, National Commission for Manpower Policy (Washington, D.C.: U.S. Government Printing Office, April 1976).

[14] Egloff (1970), p. 34.

Out-of-School Work Experience

The out-of-school program was intended to serve a population composed primarily of high school dropouts. Its aim was to increase the participants' employability by providing them with a job. In addition to the positive benefits derived from being in the work place and actually performing a job, there was an expectation that the program would serve as an "aging vat;" i.e., the youth would grow older, become more attractive to employers and eventually become employed.

As displayed in Table 7-3, the out-of-school program varied considerably in size over the ten years it was in existence. Table 7-5 indicates that the participants were drawn from a particularly disadvantaged population and appeared to be in need of substantial remedial and developmental services. Instead, for most of its existence, the out-of-school program was a "no-frills" activity which provided the participant with a job and little else. In addition, because of the tight targeting:

> Not only did programs lose prestige in the eyes of employers, and staff lose confidence in the effectiveness of the programs they were administering, the enrollees were denied the benefits and challenges inherent in mixing and competing with more motivated enrollees.[15]

Assessments of the out-of-school program have generally concluded that it made little, if any, contribution to the participants' employment and earnings potential. In the absence of an extensive array of services, the limited success of the out-of-school program was to be expected, particularly in loose labor markets.

Summer Youth Programs

Since 1965, the federal government has funded a program intended to provide economically-disadvantaged youth with employment opportunities during the summer. As displayed in Table 7-6, the program has grown to a point where it provides almost one million individuals with summer employment and earnings; the budgetary costs have been considerable.

---

[15] Mangum and Walsh (1978), p. 58.

Table 7-5

Characteristics of Enrollees in NYC Out-of-School Programs
(Percent Distribution)

Characteristic	Year of Enrollment								
	9/65 to 8/66	9/66 to 8/67	9/67 to 8/68	9/68 to 8/69	9/69 to 8/70	FY 71	FY 72	FY 73	FY 74
Total (000's)	187.2	172.9	137.6	101.0	81.5	53.0	65.0	74.7	71.6
Sex									
Male	57.0	51.6	49.1	46.0	47.5	50.7	50.1	46.3	46.3
Female	43.0	48.4	50.9	54.0	52.5	49.3	49.9	53.7	53.7
Age									
Under 17	9.1	21.3	13.7	14.7	23.8				
17 to 19	68.7	63.4	66.1	66.2	70.5	86.5[b]	88.0[b]	93.3[b]	85.5[b]
20 to 21	22.2	15.4	18.8	16.3	3.2	4.5[c]	4.8[c]	4.9[c]	11.7[c]
22 and Over	-	-	1.5	3.1	2.4	8.0	8.2	1.8	2.8
Race									
White	48.2	47.8	50.2	48.2	50.3	53.1	50.9	47.6	51.7
Black	45.2	48.4	45.6	47.5	44.2	41.3	42.6	44.2	41.0
Other	6.6	3.8	4.2	4.4	5.5	5.6	6.4	8.2	7.3
Years of School									
8 or Less	24.9	27.2	27.6	26.8	32.3	28.6	25.1	24.5	17.6
9 to 11	56.9	63.4	65.6	69.0	65.5	68.7	72.3	74.9	79.6
12 or More[a]	18.2	9.4	6.8	4.2	2.3	2.7	2.6	0.6	2.8
% Who Ever Had Paying Job	61.9	65.3	66.6	66.5	58.4	N/A	N/A	N/A	N/A
Disadvantaged	N/A	N/A	N/A	N/A	N/A	N/A	97.5	98.6	

[a] Not necessarily a high school graduate.
[b] Ages under 19.
[c] Ages 19 to 21.

N/A — Not available

SOURCE: *Manpower Report of the President*, various years.

Table 7-6

Summer Youth Programs 1965-1978[a] Federal Obligations, Total Enrollments

Fiscal Year	Federal Obligations (Millions)	First Time Enrollments (Thousands)
1965	b	47.6
1966	b	95.2
1967	$133.3	227.9
1968	126.7	255.2
1969	147.9	345.3
1970	199.4	361.5
1971	253.2	567.2
1972	320.4	759.9
1973	246.0	388.4
1974	459.5	577.1
1975	390.6	716.2
1976	588.2	820.9
1977[c]	617.0	907.2
1978	754.6	994.0

[a] Between FY 1965 and FY 1974, summer youth programs operated under the authority of the Economic Opportunity Act of 1964, with some supplementation with funds authorized under the Manpower Development and Training Act. From 1975 on, funds were authorized under the Comprehensive Employment and Training Act.

[b] Disaggregated data not available.

[c] Includes transition quarter activity and obligations.

SOURCE: *Employment and Training Report of the President*, various years.

The summer youth program was originally intended to serve as a means of motivating economically-disadvantaged youth to return to school after the summer vacation. This objective quickly became subsidiary to several others, including: the need to fill the shortfall in jobs for youth in the summer, particularly in the inner cities; income transfer needs; and a fear that, in the absence of the program, the riots of the sixties would recur. While there was a perception that there were many unmet social needs that youth could productively fill, this was usually far down on the list of program objectives.

Until recently, the summer program has encountered significant planning and implementation problems due to the delay in appropriating and allocating the program funds. In many instances, this forced program sponsors to rapidly develop and fill jobs with little attention to what the enrollees would actually do. The program has been frequently criticized for not providing adequate supervision, materials, and instruction to make the work experience meaningful.[16] There have been further complaints that the program has emphasized income transfers at the expense of other objectives, particularly employability development.[17] While there is certainly much truth in many of these criticisms, it should be recognized that even the best managed summer program may not result in significant, long-term improvements in the employment and earnings prospects of the participants. One must question whether this is a realistic expectation for a nine-week, minimum-wage program that costs below $700 per participant and serves an enormous number of extremely different types of individuals in widely varying economic circumstances. Expecting the summer program to make a significant contribution to long-term employability is akin to expecting the Goodyear Blimp to land astronauts on the moon; it is simply not in the design.

Another recurrent criticism of the summer program is that it operates in isolation from other year-round youth activities—education and other employment and training programs. Many analysts have suggested that the program's effectiveness would be enhanced if it were linked to other programs serving youth, was planned in advance and did not have to expand and contract as widely and rapidly as has been the case in the past. While efforts have been made to provide earlier notification of funding, it is not clear that progress has been made in linking the summer program with other youth programs.

Conclusions

The operation of the youth work experience programs under CETA does not appear to be drastically different from what it was under EOA, although there have been shifts in the amounts of funding devoted to it.[18] Therefore, it is reasonable to assume that the effects observed under EOA have persisted. While it is the general conclusion of much of the assessment literature that NYC-type work experience does not significantly improve the average enrollee's long-term employment and earnings, there is agreement that it has a value as a "...combination income maintenance and maturation device to youth to stay out of trouble until they are old enough to get a sustaining job or to enroll in a training program."[19]

---

[16] U.S. General Accounting Office, "More Effective Management Is Needed to Improve the Quality of the Summer Youth Employment Program" (Washington, D.C.: U.S. General Accounting Office, 1979).

[17] Stromsdorfer, in Anderson and Sawhill (1980).

[18] William Mirengoff and Lester Rindler, *CETA: Manpower Programs Under Local Control* (Washington, D.C.: National Academy of Sciences, 1978).

2. Other Job Creation Activities

In addition to youth work experience activites, there have been several additional initiatives which will be directly reviewed:

—Young Adult Conservation Corps,
—Youth Community Conservation Improvement Program,
—Youth Incentive Entitlement Pilot Projects.[20]

Each of these approaches has operated within the CETA legislative authority, but they are more centrally controlled and categorical in nature than most other CETA programs.

Young Adult Conservation Corps (YACC)
Authorized by Title VIII of CETA, YACC is a program designed to provide 12 months of employment and other benefits to 16 to 23 year olds in "useful conservation work" and related activities on public lands and waters. Any individual who meets the age requirement and is unemployed for at least one week is eligible for YACC. The eligibility criteria do not include a family income test.

Administered by the Departments of Agriculture and Interior, under an interagency agreement with the Department of Labor, the program was originally appropriated $233 million to create approximately 22,300 jobs in FY 1978.[21] Approximately 70 percent of these jobs were to be on federal lands, with the remainder administered by state and local agencies under grants from Agriculture and Interior. As of the end of June 1979, there were approximately 20,000 enrollees in the program, 32 percent were from economically-disadvantaged families, 28 percent were minority, and 38 percent were female.

---

[19] Charles R. Perry et al., *The Impact of Government Manpower Programs: In General, and on Minorities and Women* (Philadelphia: University of Pennsylvania, 1975), p. 450.

[20] In this survey it is impossible to review the numerous experimental and demonstration activities that have been undertaken under the Youth Employment and Demonstration Projects Act. The data and analyses of most of these projects are not available as of this writing. However, the interested individual may wish to review *A Knowledge Development Plan for Youth Activities - Fiscal 1979* and its predecessor for 1977 which are available from the Employment and Training Administration of the U.S. Department of Labor. The reader may also wish to review the analysis of the supported work demonstration, which has a youth component and provides some interesting insights (cf. Mathematica Policy Research, *The Supported Work Demonstration: Effects During the First 18 Months After Enrollment* [Princeton: Mathematica Policy Research, April 1979]).

[21] Delays in planning and implementation led to an upward revision of this target to approximately 25,000 jobs to be created and maintained through FY 1979.

The YACC is modeled on the Civilian Conservation Corps of the 1930's and the more recent Youth Conservation Corps (YCC) which was a summer program providing a cross-section of the youth population with summer jobs doing "conservation work" on public lands. Analyses of the YCC do not provide much insight into what the program can be expected to achieve: "Annual reports to Congress—required of the Departments of Interior and Agriculture—reflect a cheerleading approach that rarely addresses operational aspects of the program, such as quality of enrollee experiences or work site planning and supervision."[22] However, since the YCC was intended to provide jobs that would contribute to the maintenance/improvement of public lands, with little emphasis on the long-term employability effects, it appears to have filled its primary objective.

The initial indications are that the federal, state and local agencies have been able to implement the nonresidential components of YACC with a limited number of problems.[23] It should be noted, however, that this will be a relatively expensive activity. It is expected that the average cost for each nonresidential slot will be $9,000 per year; the residential slots will cost an estimated $12,000 per year or more.

Youth Community Conservation and Improvement Projects (YCCIP)

"YCCIP was intended by national policymakers to be a work experience program, short on frills, but long on well-supervised jobs with tangible outputs."[24] This categorical program is intended to serve primarily out-of-school youth in projects that will benefit the local community (e.g., rehabilitating public buildings).

To date, the program enrollees have been predominantly male (approximately 75 percent), dropouts (63 percent), economically disadvantaged (88 percent), and members of minority groups (58 percent). The disproportionate representation of males is attributed to the emphasis on construction and rehabilitation projects.

---

[22] Mangum and Walsh (1978), p. 61.

[23] U.S. Department of Labor, Employment and Training Administration, "Implementation of the Young Adult Conservation Corps" (Washington, D.C.: U.S. Department of Labor, May 1978). Approximately 75 percent of all of the YACC jobs are to be nonresidential, with the remainder being residential activities.

[24] Gregory Wurzburg, "Overview to the Local Focus on Youth: A Review of Prime Sponsor Experience Implementing the Youth Employment and Demonstration Projects Act" (Washington, D.C.: National Council on Employment Policy, February 1979), p. 10.

Early indications are that many of the shortcomings of work experience programs have been avoided in the design of the YCCIP projects. It has been reported that the supervision of the enrollees has been more intensive, and that the supervisors in some programs have received special training.[25] There has been emphasis on the quality of the work experience including: supplementing the YCCIP jobs with additional training and ancillary services; emphasizing the output of the jobs; and, in limited instances, providing academic credit for the work experience. It is still too early to tell how these enrichments will affect the impact of subsidized work experience on the enrollees; however, given the competitive handicaps of economically-disadvantaged dropouts, expectations should be modest.

The Youth Incentive Entitlement Pilot Projects (YIEPP)

This demonstration program operates in 17 prime sponsor jurisdictions across the country. It provides a job entitlement, part-time during the school year and full-time during the summer, for all economically-disadvantaged youth who are: between 16 and 19 years of age, residents of the target area, and enrolled in school or an alternative program leading to a high school diploma (or its equivalent). The program is intended to test the potential of a job guarantee to induce young people to complete their high school education. As distinct from the NYC work experience programs, the YIEPP jobs are conditional on satisfactory performance both on the job and in school.[26]

The YIEPP is among the largest demonstration projects ever undertaken in the social policy arena by the federal government. Although the exact costs are not easy to predict, it has been estimated that the project will cost about $300 million over three years,[27] a substantial portion of which will go for participant wages and services.

---

[25] Gregory Wurzburg, "Improving Job Opportunities for Youth: A Review of Prime Sponsor Experience in Implementing the Youth Employment and Demonstration Projects Act" (Washington, D.C.: National Council on Employment Policy, August 1978), pp. 13-20.

[26] Manpower Demonstration Research Corporation, *The Youth Entitlement Demonstration: A Summary Report on the Start-Up Period of the Youth Incentive Entitlement Pilot Projects* (New York: Manpower Demonstration Research Corporation, January 1979).

[27] John Drew et al., eds., *Knowledge Development Under the Youth Initiatives: Proceedings of an Overview Conference* (Washington, D.C.: U.S. Department of Labor, 1978).

The YIEPP process began soon after the enactment of the Youth Employment and Demonstration Projects Act of 1977 with a competition to select the sites that would sponsor the projects. Of 153 initial grant proposals, 17 were selected to participate in the demonstrations. The three step selection process was completed early in 1978 and the first enrollments into the program occurred in March 1978, slightly more than six months after the enactment of YEDPA.

Through April 1979, about 50,000 individuals had been enrolled in the YIEPP.[28] During April 1978, about 20,700 youth were at work each week, averaging 16.3 hours per youth per week. About 53 percent of the hours worked were in public agencies; slightly more than 26 percent were in private, nonprofit organizations; and the remaining 20 percent were in private for-profit establishments.[29]

The YIEPP enrollees are not actually on the payroll of the organization for which they work. Instead, they are placed on the payroll of the YIEPP sponsor, who also covers all fringe benefit costs. The employer provides the job, supervision and materials. It is believed that this arrangement has increased the willingness of employers (private and public) to accept YIEPP enrollees.

The YIEPP enrollees have been predominantly in-school youth. Through March 1979, only 9 percent of all of the enrollees had been school dropouts.[30] However, the trend in enrolling dropouts has been upward since early in the program. In the quarter ending in March 1979, 13 percent of the new enrollees were dropouts, compared to 6 percent in the first three months.[31] The increasing proportion of dropouts in the program has been attributed to the stabilization of the program after initial implementation problems, increased outreach to and recruitment of the dropout population, and increasing alternative education opportunities.

---

[28] Data in this paragraph were obtained from Manpower Development Research Corporation, the organization which, in conjunction with the Department of Labor, is primarily responsible for the design, implementation, monitoring and evaluation of YIEPP.

[29] The YIEPP authorized experimentation with subsidized work experience in private, profit-oriented establishments. Since the inception of the program, about 60 percent of all hours worked have been with public employers; 25 percent with non-profit agencies and slightly less than 15 percent with for-profit firms.

[30] Among the eligible population, one-third of all of the individuals had not been enrolled in school for the full school year in the school year immediately prior to the initiation of YIEPP. See Barclay et al., *Schooling and Work Among Youth From Low Income Households: A Baseline Report from the Entitlement Demonstration* (New York: Manpower Development Research Corporation, April 1979), pp. 43-46.

[31] MDRC program data.

The YIEPP requires that participating youth attend school and achieve minimum standards, and perform on the job. While there was an early discovery that "many schools had no firm regulations covering academic attendance and performance" and that "public schools were reluctant to establish standards for performance and attendance that mandated suspension or expulsion from Entitlement," standards were negotiated and put in place.[32] By March 1979, approximately 4 percent of the enrollees who had left the program had been terminated because of unsatisfactory school performance. Approximately 16 percent were terminated because of unsatisfactory job attendance or performance.[33]

The YIEPP demonstration contains three analytical components:

(1) Implementation analysis, which is directed at obtaining an understanding of the operational and administrative feasibility of translating a legislated job entitlement into an actuality.

(2) Impact analysis, which will assess the extent to which the program achieves its short-term and long-term objectives. The primary short-term impact to be assessed is whether the YIEPP results in dropouts returning to school and in potential dropouts remaining in school. The longer-term objective to be assessed is whether the program improves the participants' subsequent employment and earnings. The impact analysis will also shed light on the question of uptake, i.e., the number of youth who would take jobs if they were available.

(3) Cost analysis, which will provide information on the costs of the current demonstration and will form the basis for estimates of what it would cost to expand the demonstration to a national program.[34]

Some initial information is available from all three phases of the analysis; while these data are extremely informative, it is too early to make any final judgments as to the eventual impacts and costs of an entitlement program. A few initial observations that can be made follow:

---

[32] Manpower Demonstration Research Corporation, *The Youth Entitlement Demonstration: An Interim Report on Program Implementation* (New York: Manpower Development Research Corporation, April 1979), p. 134. Although performance standards have been put in place, some observers have expressed concern that the current criteria are too lax, and will not appreciably increase the educational attainment of the participants.

[33] MDRC program data. Early in the YIEPP experiment some operators were reluctant to terminate nonperformers. The reluctance was based on the fear that such a termination would further impair the participants' labor market prospects by certifying the nonperformance, discourage the participants and cause them to refuse other programs subsequently.

[34] Summary of analytical components as described by Judy Gueron of MDRC. For a more complete discussion of the YIEPP research design see Drew et al. (1978), pp. 16-34.

- —An entitlement program is a complicated endeavor requiring: substantial advance planning, trained and experienced staff, active involvement of other public[35] and private institutions, and time to "work out the bugs" in each location.
- —The CETA prime sponsors, together with other local agencies (including the schools), have been able to establish systems to certify, enroll and employ eligible participants.
- —At the current level of support (100 percent of wages and fringe benefits) sufficient jobs can be made available for all youth who apply for enrollment, although in the initial months there were some delays in assigning participants to job sites.
- —Participant performance standards (i.e., scholastic and employment performance) can be developed and enforced, although there was some initial resistance by some program staff and educators.
- —Attracting school dropouts into the program is difficult for several reasons: many dropouts are reluctant to return to regular educational institutions; many are heads of households and have income needs that exceed that provided by part-time, minimum-wage jobs; others have more attractive employment and training opportunities (e.g., PSE jobs).

3. Conclusions on Job Creation

There has been an extensive use of job creation as an approach to increasing the short-run employment of youth and improving their longer-term employability. The analyses to date indicate that many of these programs have not significantly enhanced their long-term labor market experience. The YIEPP (in which the job is directly conditional on school enrollment, attendance and performance) is still too new for us to assess the extent to which it will achieve these objectives.

While it has not been demonstrated that job creation programs significantly enhance longer-term labor market prospects, they have provided many youth with short-term opportunities to work and earn—opportunities that otherwise might not have existed for many of the participants.[36] Further, these initiatives have provided the youth with "something to do" at an age, and often in circumstances, when the alternatives are not socially desirable.

---

[35] The education requirements of the current YIEPP make the cooperation of the schools critical. Given the speed of implementation, the targeting requirements, and long-standing mutual distrust, the school-prime sponsor relationships have, in some cases, been difficult.

There are serious questions in the assessment literature concerning the design of past youth work experience programs. Some analysts have concluded that the lack of significant employability impact is the result of restrictive targeting and the resultant perception of employers, staff and participants that the program only serves "losers and misfits." Others have suggested that there was not enough emphasis on the quality of supervision, and the importance of output and performance; this, they argue, reinforces dysfunctional behavior. Others have observed that, given the disadvantages of many of the participants, simply providing a short-term job will not have any long-term benefit; together with a job, the program should offer intensive counselling, remedial education, training and job search assistance. There are arguments that, in loose labor markets characterized by pervasive and persistent discrimination, the effects of the program will be washed out by the much larger influences of discouragement and disillusionment that many of the participants will experience after they leave the program.

Many of the issues will be addressed by one or more of the demonstrations and experiments currently being conducted under the Youth Employment and Demonstration Projects Act. However, the results will not be available for some time to come.

D. Training

Governmentally-supported skills training for the economically disadvantaged has been advocated as a means of: (a) reducing inflation by providing trained workers to alleviate skill bottlenecks; (b) reducing unemployment among the target groups; (c) reducing poverty by increasing the earnings of the trainees.[37]

Since the passage of the Manpower Development and Training Act (MDTA) in 1962, the federal government has supported training of the economically disadvantaged as a means of alleviating structural unemployment. Under the MDTA, training for adults and youth has provided both on-the-job (OJT) and in a classroom setting. The Economic Opportunity Act authorized the establishment of the Job

---

[36] In the absence of such programs, some of the participants would still find opportunities in the regular labor market. However, there is little evidence to tell us how many and what the net impact of these programs is on employment opportunities.

[37] Orley Ashenfelter, "Estimating the Effects of Training Programs on Earnings," *The Review of Economics and Statistics*, Vol. 60, No. 1 (February 1978).

Corps which provided eligible youth with training, remedial eduation and other services, usually in a residential setting (i.e., in a Job Corps Center). This section will briefly review the experience with youth training efforts and summarize what has been learned about the effectiveness of these activities.

With the exception of the Job Corps, the primary focus of existing evaluation studies has been on the pre-CETA period. Evaluations of the impact of CETA services are not yet available. Whether the MDTA experience is a good predictor of the CETA experience is unknown; however, we do know that, while there has been an increase in the level of classroom training under CETA and a decline in the level of OJT, the proportion of enrollees under the age of 22 appears to have remained relatively constant over time. Data base limitations do not permit us to determine if there have been changes in the characteristics of the youth served.

1. Institutional Skills Training

Between 1963 and 1974, an average of 126,000 new enrollees per year was served in MDTA classroom training (see Table 7-7). About six out of ten of the enrollees were male; slightly more than one of every three were under 22 years of age; sixty percent were white; over half had 12 or more years of education; and two-thirds were disadvantaged (see Table 7-8).

Most of the evaluations of the impacts of MDTA disaggregate their findings only by race and sex, not by age. Therefore, it is possible only to discuss the general impacts of training; the extent to which these represent the impacts of training on the one-third of the enrollees who were under 22 years of age is unknown. As noted in one analysis: the "effects of training on earnings vary considerably by program, sex and race."[38] It can be argued that age would also strongly influence the results.

The general conclusion of the studies of classroom training is that it has had a significant, positive impact on the earnings of enrollees. Earnings gains were particularly significant for females, slightly less so for males.[39]

The impact of the training increases in direct relationship to the duration of participation. "Underlying the annual earnings gains, it

---

[38] Nicholas Kiefer, "The Economic Benefits from Manpower Training Programs," Technical Analysis Paper 43 (Washington, D.C.: U.S. Department of Labor, November 1976), p. 81.

[39] Kiefer (1976) and Ashenfelter (1978).

Table 7-7
Manpower Development and Training Act Institutional Training Programs[a] Federal Obligations, Total First Time Enrollments, Proportion of First Time Enrollments Under 22 Years of Age FY 1963 to FY 1974

Fiscal Year	Federal Obligations (Millions)	First Time Total Enrollments (Thousands)	Proportion of First Time Enrollments Under 22 Years of Age (Percent)
1963[b]	55.2	32.0	25.4
1964	135.5	68.6	35.3
1965	249.3	145.3	42.6
1966	281.7	177.5	38.1
1967	215.6	150.0	40.0
1968	221.8	140.0	38.5
1969	213.5	135.0	37.5
1970	287.0	130.0	37.1
1971	275.5	155.6	39.9
1972	355.7	150.6	37.9
1973	303.8	119.6	36.0
1974	307.9	110.4	38.8

[a] Includes part-time and other training.

[b] Program became operational August 1962.

SOURCE: *Manpower Report of the President*, various years.

is significant that disadvantaged workers appear to profit more than those not so disadvantaged, that completers profited more than non-completers, and that longer training was more effective than shorter training."[40] Other analyses have concluded that youthful participants appear to "...experience higher dropout rates than do older enrollees. Under MDTA-Institutional, 35 percent of fiscal 1974 terminees under age 19 dropped out, compared to 25 percent of those aged 19 to 21 and 20 percent of those aged 22 to 44."[41] Duration of

---

[40] Mangum and Walsh (1978), p. 90.

[41] Taggart in NCMP (1976).

Table 7-8
Characteristics of Trainees Enrolled in MDTA Institutional Training Programs (Percent Distribution)

Characteristic	Fiscal Year of Enrollment												
	All Years	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Total (000's)	1,514.6	32.0	68.6	145.3	177.5	150.0	140.0	135.0	130.0	155.6	150.6	119.6	110.4
Sex													
Male	60.0	63.8	59.7	60.9	58.3	56.8	55.4	55.6	59.4	58.5	63.2	67.3	66.4
Female	40.0	36.2	40.3	39.1	41.7	43.2	44.6	44.4	40.6	41.5	36.8	32.7	33.6
Age													
Under 19	13.4	6.3	10.6	18.3	15.9	16.4	14.9	12.5	9.1	13.8	10.6	9.1	10.6
19 to 21	25.0	19.1	24.7	24.3	22.2	23.6	23.6	25.0	28.0	26.1	27.3	26.9	28.2
22 and Over	61.6	74.6	64.7	57.4	61.9	60.0	61.5	62.5	63.0	60.1	62.1	64.0	61.2
Race													
White	61.3	76.5	69.9	67.7	62.5	59.1	50.8	55.9	59.2	55.6	61.2	65.8	65.2
Black	34.4	21.4	28.3	30.1	35.2	38.0	45.4	39.7	36.0	39.3	33.1	30.1	28.6
Other	3.8	2.1	1.8	2.2	2.3	2.9	3.8	4.4	4.8	5.1	5.7	4.1	6.2
Years of School													
8 or Less	14.4	10.7	14.1	18.3	16.3	18.2	19.2	18.8	14.6	12.4	9.7	7.8	6.4
9 to 11	35.1	30.0	33.3	34.1	35.7	38.9	40.6	38.8	38.1	36.2	32.0	28.6	28.4
12 or More[a]	50.5	59.3	52.6	57.6	48.0	42.9	40.2	42.4	47.2	51.4	58.3	63.6	65.2
Disadvantaged	65.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	65.2	66.3	66.4	58.0	62.4

[a] Not necessarily a high school graduate

N/A — Not available

SOURCE: *Manpower Report of the President*, various years.

participation depends on numerous factors, including the maturity and motivation of the participants. The positive relationship between post-program benefits and duration of participation is at least partially due to the influence of these other factors.

A limitation of earlier classroom training programs was the narrow range of occupations in which training was offered. "Five occupational clusters accounted for 73 percent of all institutional training: automotive, health occupations, clerical, welding and metal machine trades."[42] Classroom training programs have also been criticized for using obsolete equipment, for training in occupations in which the demand for new workers was virtually nonexistent, and for failing to assist the trainees in finding a job after they left the program.

In general, the evaluations indicate that classroom training increases the earnings of the average participant. However, whether this result is caused by the training alone, or is the result of other factors, is unclear.[43]

2. On-the-Job Training

On-the-job training (OJT) is intended to allow the participant to earn while learning; the trainee receives his/her instruction during the actual performance of the job on the employer's premises. Since the beginning of federal support of OJT in FY 1963, these programs have operated on a smaller scale than classroom training and have displayed a high degree of sensitivity to the economic cycle (see Table 7-9). When compared to the participants in classroom activities, OJT enrollees have been, on average, slightly older and better educated, more likely to be white and male, less likely to be disadvantaged and unemployed.

The OJT programs generally have been successful in obtaining employment for the individuals enrolled in them although there have been questions concerning the net impacts of the programs and the extent to which they have subsidized behavior that would have occurred in any event.[44] About one-third of the individuals enrolled in OJT have been under the age of 22 (see Table 7-10). Again, whether there has been a differential experience for this group relative to all

---

[42] Mangum and Walsh (1978), p. 88.

[43] None of the studies reviewed controlled for selection biases which may have skewed the results.

[44] David Lantry and Patrick O'Keefe, "On-The-Job Training: A Review of the Experience" (Washington, D.C.: National Commission for Manpower Policy, December 1978).

Table 7-9

Manpower Development and Training Act On-the-Job Training Programs[a] Federal Obligations, Total Enrollments, Proportion of Total Enrollments Under 22 Years of Age FY 1963 to FY 1974

Fiscal Year	Federal Obligations (Millions)	Total First Time Enrollments (Thousands)	Proportion of Total Enrollments Under 22 Years of Age (Percent)
1963[b]	0.9	2.1	31.1
1964	6.6	9.0	37.6
1965	37.2	11.6	38.5
1966	57.9	58.3	39.6
1967	82.7	115.0	34.8
1968	74.6	101.0	35.8
1969	59.1	85.0	36.1
1970	59.9	91.0	35.1
1971	60.3	99.2	34.8
1972	68.8	151.0	32.1
1973	77.0	147.5	32.5
1974	90.6	133.8	35.4

[a] Includes the MDTA on-the-job training program which ended in FY 1970, except for national contracts. Also includes the JOBS-Optional Program which began in FY 1971. Apprenticeship Outreach is also included.

[b] Program became operational August 1962.

SOURCE: *Manpower Report of the President*, various years.

OJT participants is unknown. Since OJT requires that the employer hire the trainee at the outset, there is less likelihood that youth participating in OJT will encounter age-related discrimination at the completion of training. In contrast, classroom trainees still have to find an employer at the end of their training. In fact, one study "...found that younger (under 20) OJT participants significantly improved their status, more so than older enrollees. Females in their early twenties also experienced noteworthy gains."[45]

Like classroom training, younger OJT participants had much higher dropout rates than did older trainees; and while completers

---

[45] Taggart in NCMP (1976), p. 123.

Table 7-10

Characteristics of Trainees Enrolled in MDTA On-the-Job Training Programs[a] (Percent Distribution)

Characteristic	Fiscal Year of Enrollment											
	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Number (000's)	2.1	9.0	11.6	58.3	115.0	101.0	85.0	91.7	71.7	82.1	75.6	63.1
Sex												
Male	80.8	70.9	71.9	72.0	67.0	68.4	65.1	65.9	74.3	77.5	77.2	78.2
Female	19.2	29.1	28.1	28.0	33.0	31.6	34.9	34.1	25.7	22.5	22.8	21.8
Age												
Under 19	8.2	7.8	15.2	16.5	12.4	12.2	11.1	10.1	10.5	7.1	7.4	9.3
19 to 21	22.9	19.8	23.3	23.1	22.4	23.6	25.0	25.0	24.3	25.1	25.1	26.1
22 and Over	68.9	72.4	61.5	60.4	65.2	64.2	63.9	65.0	65.2	67.8	67.5	64.6
Race												
White	83.0	76.2	77.1	76.2	73.1	64.2	61.1	66.8	68.7	73.4	73.1	73.1
Black	13.1	22.9	20.9	22.1	24.5	33.1	35.4	30.3	26.4	22.7	21.9	22.0
Other	3.9	0.9	2.0	1.7	2.4	2.7	3.5	3.0	4.9	3.9	5.0	5.9
Years of School												
11 or Less	44.3	43.2	44.6	42.9	44.8	49.7	51.5	53.8	48.3	42.4	39.6	35.4
12 or More	55.7	56.8	55.4	57.1	55.2	50.3	48.5	46.2	51.7	57.6	60.4	64.7
Disadvantaged	N/A	N/A	N/A	N/A	N/A	N/A	N/A	52.2	58.2	66.1	68.4	60.3

[a] Includes the JOP program which began in FY 1971, the MDTA program which ended in FY 1970 and Apprenticeship Outreach.

N/A — Not available

SOURCE: *Manpower Report of the President*, various years.

achieved significant earnings gains, the effects of dropping out of the program are not known.

3. Job Corps

Job Corps is an intensive program designed to provide:

> comprehensive services including skills training, basic education, health care and residential support for young people who are poor, out of school and out of work. In contrast to shorter-term and less costly approaches which serve youth with less severe needs, or seek to provide stopgap or transitional assistance, the aim of Job Corps is to permanently break the cycle of poverty by improving the life-time earnings prospects of youth most in need.[46]

Originally authorized under the Economic Opportunity Act of 1964, the Job Corps remained a centrally-administered, categorical program when the Comprehensive Employment and Training Act was adopted in 1973. In 1977, there were 57 Job Corps centers operating in 32 states and Puerto Rico. The bulk of these centers consisted of 27 civilian conservation centers (CCC's) operated by the Departments of Agriculture and Interior and 30 centers operated by private contractors.[47]

In 1977, the Job Corps was slated to double in size, expanding its capacity to approximately 44,000 slots by the end of 1979—a date that has subsequently been pushed back. It is estimated that at the end of the current expansion there will be around 110 centers, with the majority of them being operated by private contractors. Most Job Corps centers are designed to accommodate fewer than 250 enrollees at a time (a standard that will be maintained in the expansion); however, there are four centers which can accommodate more than 750 enrollees, the largest being in Breckinridge, Kentucky, which can serve approximately 2,300 enrollees at a time.

Job Corps enrollees have traditionally been among the most disadvantaged youth. Table 7-12 displays the extent to which those who are enrolled are at a disadvantage in the labor market. The following summarizes a study of the participants' characteristics:

> Job Corps is confirmed to be serving disadvantaged youth who have limited abilities to obtain and hold productive jobs before they enroll in the program. Nearly 75 percent of current Corps-

---

[46] U.S. Department of Labor, Employment and Training Administration, "Job Corps Expansion and Enrichment: A Report on Progress, Problems and Prospects" (Washington, D.C.: U.S. Department of Labor, February 1979).

[47] See Table 7-11 for the growth in federal obligations and enrollments since FY 70.

Table 7-11

Job Corps
Federal Obligations, Enrollment Opportunities and New Enrollees, FY 1970 to FY 1978

Fiscal Year	Federal Obligations (Millions)	Enrollment Opportunities (Thousands)	New Enrollees (Thousands)
1970	169.8	21.7	42.6
1971	160.2	22.4	49.8
1972	202.2	24.0	49.0
1973	192.8	17.7	43.4
1974	149.6	20.9	45.6
1975	210.0	20.7	45.8
1976	134.0	20.7	43.4
1977	254.7	22.2	52.6
1978	376.5	27.7[a]	48.9

[a] Includes approximately 2,700 Advanced Career Training enrollment opportunities at community and junior colleges.

SOURCE: *Employment and Training Report of the President*, selected years.

members come from minority backgrounds, and almost all Corpsmembers have experienced poverty, welfare dependence, or both. Most youths who enroll in Job Corps (between 85 and 90 percent) have not completed high school, and Corpsmembers have extremely poor work histories, as evidenced by high unemployment, few hours of work, low wage rates, and small earnings. Furthermore, 38 percent of Job Corps enrollees have been arrested before enrolling for a wide range of crimes other than minor motor-vehicle offenses, and 19 percent of those arrested have been convicted of such charges.[48]

Given the characteristics of those it is expected to serve and the range and intensity of the services it provides, it is not surprising that the Job Corps is a fairly expensive program, estimated to cost $10,253 per Corpsmember per year. Over the past decade, however, Job Corps has achieved substantial reductions in its real operating costs,

---

[48] Stuart Kerachsky et al., "An Examination of Job Corps Participation" (Princeton: Mathematica Policy Research, February 1979), p. 3.

Table 7-12

Characteristics of Job Corps Enrollees

Characteristic	Fiscal 1968	Fiscal 1978
Income		
Average Family Income	$3,300	$4,800
Percentage from families on Public Assistance	27	33
Education		
Percentage high school dropouts	88	87
Percent less than 6th grade reading achievement	67	50
Race (%)		
White	30	30
Black	58	55
Spanish-Speaking	8	10
American Indian	2	2
Other Nonwhite	1	2
Age of Entry (%)		
16 or Under	30	24
17	27	26
18-21	43	50
Sex (%)		
Male	72	71
Female	28	29

SOURCE: *Assessment of the Job Corps Performance and Impacts* (U.S. Department of Labor, Employment and Training Administration, February 1979).

primarily by eliminating expenditures on ineffective or unnecessary services.[49]

There have been several benefit/cost analyses of the Job Corps over the years. Although the findings have been mixed and the ratio of estimated benefits to costs has varied considerably, the results generally support the proposition that the Job Corps has been an expensive but positive investment from a social standpoint.[50] A recent study concluded that "...the present value of benefits exceeds costs by $251 per Corpsmember, or by approximately 5 percent of costs. Because over 40,000 Corpsmembers enrolled in Job Corps during the base year for the evaluation (fiscal year 1977) our benchmark estimate of total social benefit exceeds $10,000,000 for that year."[51] Half of the estimated benefit was attributable to reductions in criminal behavior by the participants.

---

[49] U.S. Department of Labor, Employment and Training Administration, "Job Corps Expansion and Enrichment: A Report on Progress, Problems and Prospects" (Washington, D.C.: U.S. Department of Labor, February 1979), p. 6. For example, it is estimated that in 1970, using 1978 dollars, the cost per corpsmember year was $14,369, compared to the $10,253 achieved in FY 1978. Both years exclude capital outlays.

This study, which was based on Corpsmembers' experience seven months after they left the program, found that males who completed the Job Corps program were ten percent more likely to be in the labor force than a comparison group who had not participated in the Job Corps. They "...had an increase in employment of approximately 14 percentage points. They worked almost six hours more per week, and they earned over $23 more per week (i.e., an increase of over $1,200 in annual earnings)."[52] When the results are calculated including those who did not complete their program, the same study found that the Job Corps still had a beneficial impact on participants, except for those who dropped out very early (i.e., less than ninety days after entry).

The impacts of the Job Corps on longer-term employability were deemed to be quite positive. Although, relative to the comparison group, Corpsmembers were less likely to be enrolled in high school, they were more likely to be enrolled in college, training or work experience programs. They also had higher job mobility. All of these findings indicate a significant potential for future earnings gains.

In the months immediately after program termination, Corpsmembers go through a period of adjustment while they reacquaint themselves with the labor market and find a regular job. During this period, the enrollees' wages and employment status are worse than those of a comparison group that has not participated in the program. Although this effect is fairly short-lived, it does suggest a need to increase the post-program job search assistance provided to Corpsmembers.

---

[50] See, for example, Stephen Robert Engleman, "An Economic Analysis of the Job Corps," unpublished Ph.D. dissertation (Berkeley: University of California at Berkeley, August 1971). Also, Glen Cain, "Benefit-Cost Estimates for Job Corps" (Madison: University of Wisconsin, Institute for Research on Poverty, 1968).

[51] Charles Mallar et al., "Evaluation of the Economic Impact of the Job Corps Program: First Follow-Up Report" (Princeton: Mathematica Policy Research, February 1979).

[52] Mallar (1979).

The average length of Job Corps participation in 1978 was 5.7 months (up slightly from previous years), but only about 30 percent of the enrollees complete their planned program; approximately 40 percent drop out prior to being in the program ninety days. As with other training efforts, individuals who remain enrolled for longer periods of time tend to benefit more from the program than those who leave after a relatively short stay, as demonstrated by the following:

Fiscal 1978 Terminees[33]

Months in Job Corps	Employment Rate	Starting Wage
0-3	61.1	$2.85
4-6	65.6	3.06
7-9	72.6	3.16
10-12	77.3	3.34
13-15	79.2	3.39
Over 15	79.5	3.47

Again, it is important to recognize that many factors influence a participant's decision to stay in, or leave, a program. These same factors may account for a substantial portion of the differences in post-program employment and earnings.

4. Conclusions on Training

Training appears to have a significant, positive impact on the subsequent labor market experiences of youth. However, this benefit may be obtained more in those programs that provide quality instruction and equipment, offer the needed supportive services, and assist the trainee in finding a job after he/she leaves the program.

Participants who complete their training, and those who remain enrolled for a substantial portion of the scheduled time, achieve significant gains in employment and earnings; those who drop out relatively early appear to obtain little, if any, long-term benefit. Although duration of participation is positively related to post-program benefits, the length of stay itself is not necessarily the cause of the increased return. Personal factors (prior education and experience, maturity, motivation, etc.) may influence both the duration of participation and post-program gains. Alternatively, the poor quality of some programs may induce some participants to quit early; in these cases, it is reasonable to expect that post-program benefits will be relatively small.

---

[33] U.S. Department of Labor, Employment and Training Administration, "Job Corps Expansion and Enrichment: A Report on Progress, Problems and Prospects" (Washington, D.C.: U.S. Department of Labor, February 1979).

The Job Corps demonstrates a similar pattern: benefits vary with length of stay in the program. For the early dropout, Job Corps has no apparent benefit, and may even cause the participant some loss in the labor market.

One final caution: Any decision to expand training programs should recognize that substantial lead time is needed to survey the labor market, plan the courses and obtain needed facilities, equipment, and qualified staff. The recent delays in the doubling of the Job Corps demonstrate the significance of these requirements.

E. Job Search Assistance

The Employment Service (ES) is the primary public institution charged with providing youth, and others, with assistance in looking for a job, although many employment and training programs have established independent job development and placement units within their overall delivery systems.

As Table 7-13 demonstrates, youth comprise a major portion of the individuals who are placed by the Employment Service each year. It is a proportion that has increased over the decade of the 1970's.

The impact of the Employment Service on the youth labor market is not known. For example, we do not have evidence on the extent to which the Employment Service reduces the amount of time it takes youth to find jobs. Further, we do not know whether it increases the wages of youth by placing them in jobs they would not have otherwise obtained.

It is widely accepted that "...most of the agency's placements have been in low-wage, high-turnover, casual occupations..."[54] However, these may be the types of jobs that youth are seeking, or for which they are sought and hired. At the present time, it is not possible to assess the impact of the Employment Service as an instrument in reducing youth labor market problems.

---

[54] Mangum and Walsh (1978), p. 149.

Table 7-13
Individuals Placed by the U.S. Employment Service
FY 1971-1978

(Numbers in Thousands)

Year	Total	Youth (Under 22 years)	Percent of Total Who Were Youth
1971	1,649	501	30.4
1972	2,349	819	34.9
1973	2,956	1,139	38.5
1974	3,334	1,386	41.6
1975	3,138	1,244	39.6
1976	3,367	1,394	41.4
1977	4,139	1,793	43.3
1978	4,623	2,030	43.9

SOURCES: *Employment and Training Report of the President*, selected years; and U.S. Employment Service, Office of Program Review, May 13, 1976.

F. Conclusions

Over the past decade-and-a-half, several million individuals have been served in federally-financed youth programs, and billions of dollars have been invested in these efforts. These programs have been subjected to numerous evaluations of varying quality, and the results have been closely scrutinized by those in and out of government. The one general conclusion that can be drawn at this juncture is that we do not fully understand the contribution that these programs have made to the long-term employment and earnings of the participants, nor do we know for certain that the economic benefits alone justify the social investment.

Job creation programs have provided many youth with employment and earnings that many otherwise would not have had, and these efforts have had a number of short-term benefits (e.g., providing needed income and reducing criminal activities). Where the jobs have made demands on the participants in terms of output, where there has been close supervision, training, counselling and other supportive services, the jobs appear to have made a contribution to the longer-term prospects of the participants. This argues strongly for designing programs that have these characteristics; significant progress could be made by better planning and management of the current programs. Legislative modifications may also be needed to permit and encourage the use of a greater proportion of program funds for services and administration, rather than participant wages and stipends.

The training programs have made significant contributions to the employability of many of those who have participated in them. The Job Corps, while among the most expensive of the youth programs, appears to improve the labor market prospects of those youth who complete (or partially complete) their training.

In summary, a few general observations can be drawn:

—Since individuals who participate for longer periods tend to obtain more benefit from the programs, ~~incentives~~ should be structured in ways that encourage participation until completion. The design of these incentives should recognize that several factors, including the participant's maturity and motivation, influence the decision to stay in or drop out.

—Just providing a job may not significantly increase the individual's longer-term employability. For many, ancillary services are also necessary.

—Where the jobs provided youth are "make work" and there is not adequate supervision, the long-term employability development impact is diminished (possibly negated) in the eyes of the participants, staff and potential employers.

placem

—Youth program participants often need assistance in finding employment after they leave the program and the benefits of programs may be lessened if they are not assisted in finding a regular job subsequent to program participation.

—Youth employment and training programs cannot be expected to overcome a persistent shortfall in the number of jobs available. Programs which must "graduate" their completers into a loose labor market will, at best, just reshuffle the unemployment queue.

—Programs should be planned and operated with an awareness of local labor market opportunities and, to achieve this, private employers should be more closely involved.

—The delivery system must be flexible so as to accommodate widely varying local and individual needs.

—Finally, programs cannot be expected to achieve and maintain quality if they are subjected to frequent or rapid shifts in scale or direction. Policy should be more forward-looking and permit the administrators more lead time to plan and assess their efforts.

Addendum A

Population and Labor Force Projections

In the text (Chapter 4) it was pointed out that, although the size of the youth population will decline between now and 1990, the percentage of youth who are members of minority groups will increase. Furthermore, it is expected that the labor force participation rates of young women will continue to rise, possibly offsetting the reduction in the size of this population, so that the number of young women in the labor force may not decrease. This addendum provides the projections on which these statements were based.

Projections of the size of the population, by age, race, and sex, are regularly published by the Bureau of the Census. Since the age group of direct interest here is age 16 and over, estimates of the size of this group in the year 1990 should be fairly accurate. However, projections of the number who will be in the labor force depend also on the assumptions that are used about the future path of each group's labor force participation rate. This is much more difficult to project accurately, being dependent on the many factors that influence whether an individual will choose to be in the labor force. Therefore, the Bureau of Labor Statistics (BLS) has provided a range of possible participation rate (and hence labor force size) projections. Their high and low projections for the year 1990, along with the size of each group's population, participation rate, and labor force in 1978, are presented in Table A-1.

Between 1978 and 1990, the size of the youth population (ages 16-24) is expected to decrease by 5.8 million. This reduction is totally among the white population, with the size of the nonwhite population expected to remain at approximately its 1978 level. Hence, by

Table A-1

Projections of the Size and Demographic Composition of the Youth Labor Force, 1978-1990

Characteristic	Civilian Noninstitutional Population (thousands)		Labor Force Participation Rate (Percent)			Civilian Labor Force (thousands)		
	1978	1990	1978	1990 High	1990 Low	1978	1990 High	1990 Low
Total, ages 16-24	35,860	30,066	68.2	79.6	70.2	24,464	23,933	21,119
White	30,585	24,605	70.3	82.0	74.9	21,497	20,173	18,425
Male	15,091	12,075	77.0	82.4	77.9	11,626	9,954	9,401
Female	15,494	12,530	63.7	81.6	72.0	9,871	10,219	9,024
Black and Other	5,278	5,419	56.2	69.4	49.7	2,967	3,760	2,694
Male	2,454	2,559	61.8	75.3	52.5	1,516	1,926	1,343
Female	2,824	2,860	51.4	64.1	47.2	1,451	1,834	1,351
	Percent of Population					Percent of Labor Force		
Total, ages 16-24	100.0	100.0	—	—	—	100.0	100.0	100.0
White	85.3	81.8	—	—	—	87.9	84.3	87.2
Male	42.1	40.2	—	—	—	47.5	41.6	44.5
Female	43.2	41.7	—	—	—	40.3	42.7	42.7
Black and Other	14.7	18.0	—	—	—	12.1	15.7	12.8
Male	6.8	8.5	—	—	—	6.2	8.0	6.4
Female	7.9	9.5	—	—	—	5.9	7.7	6.4

SOURCES The 1978 data are U.S. Department of Labor, Bureau of Labor Statistics estimates reported by Phillip Rones and Carol Leon, "Employment and Unemployment During 1978: An Analysis," Special Labor Force Report 218; the 1990 projections are from Paul Flaim and Howard Fullerton, "Labor Force Projections to 1990: Three Possible Paths," *Monthly Labor Review*, Vol. 101 (December 1978), pp. 25-35.

1990, the nonwhite share of the youth population will have increased from 14.7 percent to 18.0 percent. Similarly, the labor force projections made by BLS indicate a decrease in the size of the total youth labor force of between 0.5 million and 3.3 million, including a decrease in that of white youth between 1.3 million and 3.1 million. The size of the nonwhite labor force is expected to be reduced by no more than 0.8 million and might increase slightly, depending on the future course of their participation rate. These figures imply an increase in the nonwhite share of the youth labor force from 12.1 percent to between 12.8 percent and 15.7 percent by the end of the next decade.

The labor force projections made by BLS are based on the assumption that the gap between the participation rates of young women and young men will continue to narrow throughout the decade. The labor force projections for young women for 1990 range between a decline of 900,000 and an increase of 700,000. Their share of the youth labor force would increase from 46.2 percent to between 49.1 and 50.4 percent.

Official projections of the size of the Hispanic population, participation rates, and labor force have not been made. Projections for this group are much more difficult to make, in part because immigration patterns have played such a large role in their population growth in recent years. However, the data in Table A-2 on the number of children of Hispanic origin or descent already in the United States strongly support the presumption that Hispanics will be the fastest-growing segment of the age 16-24 age group during the next decade.

Note, in particular, that in 1977 Hispanics accounted for 5.4 percent of the total population in the 16-24 age group. Yet their share of each of the younger age groups ranged from 5.9 percent to 9.2 percent, the latter being for the youngest group. Hence, barring a massive out-migration, this group's share of the age 16-24 population will be growing throughout at least the next decade. Continued net immigration of Hispanics would, of course, increase their population share at a more rapid rate.

Table A-2

Population by Age, Race, and Spanish Origin, 1977

Age	Total		White Non-Hispanic		Black		Other		Hispanic	
	Number (thousands)	Percent of Total	Number (thousands)	Percent of Total	Number (thousands)	Percent of Total	Number (thousands)	Percent of Total	Number (thousands)	Percent of Total
Under 5 yrs	15,174	100.0	11,122	73.3	2,275	15.0	380	2.5	1,397	9.2
5 and 6 yrs	6,853	100.0	5,075	74.1	1,038	15.1	162	2.4	575	8.4
7 to 9 yrs	10,314	100.0	7,799	75.6	1,505	14.6	209	2.0	800	7.8
10 to 13 yrs	15,059	100.0	11,519	76.5	2,209	14.7	282	1.9	1,048	7.0
14 and 15 yrs	8,349	100.0	6,519	78.1	1,180	14.1	153	1.8	496	5.9
16 and 17 yrs	8,442	100.0	6,668	79.0	1,175	13.9	148	1.8	451	5.3
18 and 19 yrs	8,535	100.0	6,757	79.2	1,130	13.2	155	1.8	494	5.8
20 and 21 yrs	8,435	100.0	6,741	79.9	1,096	13.0	159	1.9	439	5.2
22 to 24 yrs	11,654	100.0	9,360	80.3	1,416	12.1	236	2.0	642	5.5
Total, 0-15 yrs	55,749	100.0	42,034	75.4	8,207	14.7	1,186	2.1	4,316	7.8
Total, 16-24 yrs	37,066	100.0	29,526	79.7	4,817	13.0	698	1.9	2,026	5.4

SOURCES U.S. Department of Commerce, Bureau of the Census, *Current Population Reports*, "Persons of Spanish Origin in the United States: March 1977," Series P-20, No. 329, Table 1, and *Population Estimates and Projections*, "Projections of the Population of the United States: 1977 to 2050," Series P-25, No. 704, Table 8. The estimates of the number of Hispanics are based on the Current Population Survey and include only the civilian noninstitutional population of the United States and members of the Armed Forces in the United States living off-post or with their families on-post. "Spanish Origin" was determined by self-identification. To estimate the size of the white non-Hispanic population, we assumed that all Hispanics were classified as white.

Addendum B

Size and Characteristics of the Low-Income Youth Population

This addendum provides information about the low-income youth population that may be useful for developing policy recommendations. It was noted in Chapter 2 that youth from economically-disadvantaged backgrounds are more likely than other youth to be in need of employment and employability development. Data from the March 1978 Current Population Survey (CPS), reported in Table B-1, indicate the size of this population and some of their characteristics. Several points may be relevant:

1. Of the 20.4 million persons between the ages of 16 and 21, nearly 20 percent (3.7 million) were in households with incomes at or below 70 percent of the Bureau of Labor Statistics lower living standard; for a nonfarm family of four, this means that their income was at or below $8,082. An additional 10 percent (2.0 million) were in households with incomes between 71 and 100 percent ($11,546).
2. The probability of being in a low-income household is much higher for a minority youth: of the 3.1 million nonwhite youth in the 16-21 age group, 44 percent (1.3 million) were in households at or below 70 percent of the BLS standard; of the 1.3 million Hispanic youth, 30 percent (400,000) were in low-income households.
3. Nearly half of the youth from low-income households are nonwhite or Hispanic. The lower the income cutoff used to define low-income, the larger is the minority share: 47 percent of

Table B-1

Population, Ages 16-21, by Income, Race, Ethnic Group, and Enrollment Status, March 1978

Characteristic	Population	Population in households with income at or below 70 percent of BLS standard		Population in households with with income between 71 and 100 percent of BLS standard	
	Number	Number	Percent of Pop.	Number	Percent of Pop.
Total, 16-21	20,447,385	3,712,334	18.2	1,957,309	9.6
In school	8,439,340	1,588,757	18.8	739,156	8.8
Not in school	12,008,045	2,123,577	17.7	1,218,155	10.1
Nonwhite, 16-21	3,082,712	1,344,661	43.6	429,565	13.9
In school	1,446,535	678,580	46.9	173,441	12.0
Not in school	1,636,177	666,081	40.7	256,125	15.7
Hispanic, 16-21	1,327,789	404,126	30.4	184,721	13.9
In school	537,145	195,234	36.3	72,381	13.5
Not in school	789,644	208,892	26.5	112,341	14.2
Nonwhite and Hispanic share of total (%)	21.6	47.1	—	31.4	—
In school	23.5	55.0	—	33.3	—
Not in school	20.2	41.2	—	30.2	—

SOURCE: Based on March 1978 CPS unpublished tabulations provided by Robert Lerman, U.S. Department of Labor. These data exclude: college students, persons in the armed forces, and persons in institutions.

the youth from households at or below 70 percent of the BLS standard, but only 31 percent of the youth from households with incomes between 71 and 100 percent of the standard.

Costs of Serving the Low-Income Youth Population

The preceding tabulations can be used to compute the federal costs that would be incurred in providing employment and employability development assistance to youth from low-income backgrounds. The total programs costs depend on four factors: (1) the number of youth who would be eligible; (2) the percentage of the eligible population that would participate in the program activities; (3) the average duration of their participation; and (4) the average cost per participant-year of the activities. While this is not the place to attempt to estimate the costs of a particular program proposal, it may be useful to provide an illustration, suggesting the sensitivity of total costs to variations in each factor.

One way of delineating eligibility [i.e., factor (1)] is by parental income. If one believes that the family background of youth is a critical determinant of their need for federal assistance, then this would argue for measuring household income before the individual forms his or her own household. The data for persons ages 16-17 in Table B-2 provide an approximation to this number, since most of this group are still in school and living at home.

In March 1978, 1.6 million persons ages 16-17 were in households with incomes at or below 70 percent of the BLS standard and another 0.8 million were in households with incomes between 71 and 100 percent of the standard. Suppose the eligible population is defined as all persons between the ages of 16 and 21 who were in low-income households at age 16, where the low-income criterion is 70 percent of the BLS standard. Then assuming for simplicity that there are no changes in the size and incomes of the population age 16 in future years,[1] about 800,000 persons would become eligible each year and the same number would, by reaching age 22, end their period of eligibility. Half would be nonwhite or Hispanic.

Suppose that each of the 800,000 persons from a low-income background were certified at age 16 to be eligible for up to two years of intensive employability development and/or subsidized employ-

---

[1] In fact, the size of the age 16 population will be declining by about 26 percent over the next decade: from 4.2 million in 1978 to 3.1 million in 1990. See Addendum A.

Table B-2

Population, Ages 16-17, by Income, Race, Ethnic Group, and Enrollment Status, March 1978

Characteristic	Population	Population in households with income at or below 70 percent of BLS standard		Population in households with with income between 71 and 100 percent of BLS standard	
	Number	Number	Percent of Pop.	Number	Percent of Pop.
Total, 16-17	8,236,675	1.593,091	19.3	794,343	9.6
In school	6,797,070	1,242,026	18.3	599,910	8.8
Not in school	1,439,605	351,065	24.4	194,434	13.6
Nonwhite, 16-17	1,275,291	601,263	47.1	170,771	13.4
In school	1,086,552	493,278	45.4	135,412	12.5
Not in school	188,740	107,984	57.2	35,360	18.7
Hispanic, 16-17	520,409	186,953	35.9	70,501	13.5
In school	412,746	148,682	36.0	50,420	12.2
Not in school	107,664	38,271	35.5	20,080	18.7
Nonwhite and Hispanic share of total (%)	21.8	49.5	—	30.4	—
In school	22.1	51.7	—	31.0	—
Not in school	20.6	41.7	—	28.5	—

SOURCE Based on March 1978 CPS unpublished tabulations provided by Robert Lerman, U.S. Department of Labor. These data exclude college students, persons in the armed forces, and persons in institutions.

ment. The total cost would then depend on the percentage who choose to participate, their duration of participation, and the costs of the activities provided. To keep the illustration simple, assume that one-half of the eligible population took full advantage of the opportunity and the other half did not participate at all.[2] Then, in any given year, 800,000 person-years of activity would need to be provided (800,000 youth times 50 percent times 2 years).

The most intensive of the major programs is the Job Corps. In fiscal year 1978 the average cost per person-year of a Job Corps slot was $10,253. If this level of services were provided, then the annual cost of the youth program activities would be over $8 billion (800,000 times $10,253), considerably more than is now being spent on all employment and training programs for this age group. This is probably an upper-bound estimate of the cost of serving these youth.

One obvious way of reducing the total cost is to restrict the size of the eligible population. It is doubtful that a lower-income cutoff would be politically acceptable. (And use of the 100 percent of BLS standard, rather than the 70 percent, would raise the total cost in our illustration to about $12 billion.) An alternative would be to add other criteria, such as employment status and location. If, for example, the individual had to be not only from a low-income background, but also be unemployed or live in a low-income community, many fewer would be eligible.[3]

Another way of reducing the total cost would be to take measures that would reduce the program participation rate of the eligible population. In the illustration it was assumed that 50 percent would participate, much higher than the percent of the eligible out-of-school population that has chosen to participate in the entitlement demonstration program. Clearly, the more stringent the conditions of program participation, the fewer will be the number of youth who join or remain in the program.

---

[2] Preliminary estimates from the YEDPA entitlement demonstration program are that about 46 percent of the eligible in-school youth and only 12 percent of the out-of-school youth have participated.

[3] Lerman reports that less than one-third of the 16-21 year olds in families with incomes at or below 70 percent of the BLS standard in 1978 had experienced one week or more of unemployment in the preceding year (Robert Lerman, "The Full Coverage Issue in Youth Employment and Training Programs," Department of Labor memo, September 28, 1979). Even if program eligibility rules do not limit participation to persons who have been unemployed, they are the ones who are probably the most likely to choose to participate. On the other hand, unless a long duration of unemployment were required, it would be easy for any low-income youth who wanted to participate in a program to qualify.

Restricting eligibility to low-income youth who reside in poverty areas would be a more stringent approach. In the 1970 census, only 58 percent of poor out-of-school youth in the 60 largest cities lived in census tracts in which the poverty rate exceeded 20 percent. The census data also indicated that adding a geographical income criterion would be one way of focusing more resources on minority youth: in the large cities in 1970, 58 percent of the poor out-of-school youth were black or Hispanic, whereas 77 percent of the poor out-of-school youth in the poverty areas of these cities were black or Hispanic.

A third method of reducing the total cost is to limit the maximum duration of participation to less than the full two years assumed here. Based on the program experiences reported in Chapter 7, above, there appears to be a tradeoff between cost-cutting in this manner and program effectiveness. Of course, this will depend on the type of services provided and the needs of the participants.

Finally, the total cost could be reduced by providing less intensive activities. The Job Corps costs were chosen for this illustration because this is the most costly of the major programs. At the other extreme, it costs less than $1,000 per participant to provide part-time summer jobs. In reality, one should anticipate that some youth will only need the latter.

Limitations

The preceding exercise ignores the difficulties that would be involved in delineating an eligible population in terms of their household income in only one year. It would be more realistic to assume that anyone whose **current** income falls below the cutoff point would be eligible. Under that rule (and still using the 70 percent standard), 3.7 million persons between the ages of 16 and 21 would have qualified last year. The problem here is that we do not know how many of the people who qualify in subsequent years are newly eligible, rather than the same people and, hence, already counted.[4] The 800,000 per year estimate used in the illustration is a very rough approximation to this annual flow.

We have also ignored the start-up problem. In the first year of operation, **all** of the age 16-21 group who meet the eligibility requirements would be newly eligible; in the second and in subsequent years only the 16 year olds would be new. Actual program participation could not have such a bulge. Good programs take time to phase in, which is an argument for a gradual buildup in participation.

---

[4] Some people who have low incomes in one year move up in the next and vice versa. Income mobility (in either direction) is especially likely for a youth who leaves home, since the criterion involves total family income and is adjusted for family size. The use of an income accounting period of more than one year would provide a better indicator of the chronically poor, except that the data might be more difficult to obtain.

Selected References

Aaron, Henry J. *Politics and the Professors: The Great Society in Perspective.* Washington, D.C.: The Brookings Institution, 1978.

Adams, Arvil V. and Mangum, Garth L. *The Lingering Crisis of Youth Unemployment.* Kalamazzo: W. W. Upjohn Institute for Employment Research, June 1978.

Anderson, Bernard E. and Sawhill, Isabel V., editors. *Youth Employment and Public Policy.* New York: Prentice-Hall, 1980.

Andrisani, Paul. *Work Attitudes and Labor Market Experience.* New York: Praeger Press, 1978.

________________________. "Effects of Unfavorable Labor Market Experiences on the Work Related Attitudes of Youth." Paper prepared for National Commission for Employment Policy, December 1979.

Antos, John and Mellow, Wesley. *The Youth Labor Market: A Dynamic Overview.* Washington, D.C.: United States Department of Labor, February 1978.

Ashenfelter, Orley. "Estimating the Effects of Training Programs on Earnings." *The Review of Economics and Statistics* 60, No. 1 (February 1978).

Averch, Harvey A.; Carroll, S.; Donaldson, T.; Kiesling, H.; and Pincus, J. *How Effective is Schooling? A Critical Review of Research Findings.* Santa Monica: The Rand Corporation, 1972.

Bachman, Jerald G.; Green, S.; and Wirtanen, I. *Youth in Transition, Vol. III: Dropping Out—Problem or Symptom?* Ann Arbor: Survey Research Center, Institute for Social Research, 1973.

Bachman, Jerald; O'Malley, P.; and Johnston, J. *Adolescence to Adulthood: Change and Stability in the Lives of Young Men.* Ann Arbor: University of Michigan, Institute for Social Research, 1978.

Barclay, Suzanne; Bottom, C.; Farkas, G.; and Stromsdorfer, E. *Schooling and Work Among Youths from Low-Income Households: A Baseline Report from the Entitlement Demonstration.* New York: Manpower Development Research Corporation, 1979.

Barton, Paul E. "Juvenile Delinquency, Work and Education." Washington, D.C.: National Manpower Institute, August 1976.

Becker, Brian E. and Hill, Stephen M. "Teenage Unemployment: Some Evidence of the Long-Run Effects on Wages." Washington, D.C.: U.S. Department of Labor, Employment and Training Administration, undated.

Berryman, Sue E. "Youth Unemployment and Career Education: Reasonable Expectations." *Public Policy* 26, No. 1 (Winter 1978).

Brandl, John. "Report on a Symposium on Education and Youth Unemployment." Symposium sponsored by the National Commission for Employment Policy and the National Institute for Education; Reston, Virginia, September 6-7, 1979.

Breglio, Vincent; Hinckley, R.; and Beal, R. *Technical Report No. 2 From the Study of the Sustaining Effects of Compensatory Education on Basic Skills.* Santa Monica: System Development Corporation, 1978.

Bucknam, Ronald B. "The Impact of EBCE—An Evaluator's Viewpoint." *Illinois Career Education Journal* 33, No. 3 (Spring 1976).

Bullock Paul. *Aspiration vs. Opportunity: "Careers" in the Inner City.* Ann Arbor: Institute of Labor and Industrial Relations, 1972.

Cain, Glen. "Benefit-Cost Estimates for Job Corps." Madison: University of Wisconsin, Institute for Research on Poverty, 1968.

Clark, Kim O. and Summers, Lawrence H. *The Demographic Composition of Cyclical Variations in Employment,* Technical Analysis Paper No. 61. Washington, D.C.: U.S. Department of Labor, Office of the Assistant Secretary for Policy, Evaluation and Research, January 1979.

————————. "The Dynamics of Youth Unemployment." Paper presented to the National Bureau of Economic Research Conference on Youth Unemployment; Airlie, Virginia, May 1979.

Coleman, James S. *Equality of Educational Opportunity.* Washington, D.C.: U.S. Government Printing Office, 1966.

Congressional Budget Office. *Policy Options for the Teenage Unemployment Problem.* Background Paper No. 13. Washington, D.C.: Congressional Budget Office, September 1976.

————————. *Youth Unemployment: The Outlook and Some Policy Strategies.* Washington, D.C.: Congressional Budget Office, April 1978.

Corcoran, Mary. "The Employment, Wage and Fertility Consequences of Teenage Women's Non-Employment." Paper presented at the National Bureau of Economic Research Conference on Youth Unemployment; Airlie, Virginia, May 1979.

Cornelius, Wayne A. "Illegal Migration to the United States: Recent Research Findings, Policy Implications and Research Priorities." Cambridge: Massachusetts Institute of Technology, May 1977.

Crowe, Michael and Adams, Kay. *The Current Status of Assessing Experimental Education Programs.* Columbus: The Ohio State University, The National Center for Research in Vocational Education, 1979.

Denison, Edward F. *Accounting for United States Economic Growth 1929-1969*. Washington, D.C.: The Brookings Institution, 1974.

Diamond, Daniel E., and Bedrosian, Hrach. *Industry Hiring Requirements and the Employment of Disadvantaged Groups*. New York: New York University, 1970.

Drew, John; Hahn, A.; and Hausman, L. *Knowledge Development Under the Youth Initiatives: Proceedings of an Overview Conference*. Washington, D.C.: U.S. Department of Labor, Employment and Training Administration, 1978.

Edmonds, Ronald R. "Some Schools Work and More Can." *Social Policy* 9, No. 5 (March/April, 1979).

Egloff, Marjorie. *The Neighborhood Youth Corps: A Review of Research*. Washington, D.C.: U.S. Department of Labor, Manpower Administration, 1970.

Ehrenberg, Ronald. "The Demographic Structure of Unemployment Rates and Labor Market Transition Probabilities." Paper prepared for the National Commission for Manpower Policy, February 1979.

Ellwood, David. "Teenage Unemployment: Permanent Scars or Temporary Blemishes?" Paper presented to the National Bureau of Economic Research Conference on Youth Unemployment; Airlie, Virginia, May 1979.

Engleman, S. Robert. "An Economic Analysis of the Job Corps." Unpublished Ph.D. dissertation, University of California at Berkeley, August 1971.

Fisher, Donald L. *Functional Literacy and the Schools*. Washington, D.C.: U.S. Department of Health, Education and Welfare, National Institute of Education, 1978.

Flanagan, Robert J. "Discrimination Theory, Labor Turnover, and Racial Unemployment Differentials." *Journal of Human Resources* 13, No. 2 (Spring 1978).

____________ ____________. "On the Stability of the Racial Unemployment Differential." *American Economic Association Papers and Proceedings* 66, No. 2 (May 1976).

Frankel, Steve M. *An Assessment of School Supervised Work Education Programs: Executive Summary.* Santa Monica: Systems Development Corporation, 1973.

Frechtling, Joy. *The Effects of Services on Student Development: A Report from the National Institute of Education.* Washington, D.C.: U.S. Department of Health, Education, and Welfare, National Institute of Education, 1977.

Freeman, Richard. "Economic Determinants of Geographic and Individual Variation in the Labor Market Position of Young Persons." Paper presented to the National Bureau of Economic Research Conference on Youth Unemployment; Airlie, Virginia, May 1979.

Freeman, Richard and Medoff, James. "Why Does the Youth Labor Force Actively Differ Across Surveys?" Paper presented to the National Bureau of Economic Research Conference on Youth Unemployment; Airlie, Virginia, May 1979.

Friedlander, Stanley L. *Unemployment in the Urban Core: An Analysis of Thirty Cities with Policy Recommendations.* New York: Praeger, 1972.

Ginzberg, Eli. *Employing the Unemployed.* New York: Basic Books, 1980.

________________________. "Tell Me About Your School: Interviews with Elementary and High School Students in Harlem." Special Report No. 35. Washington, D.C.: National Commission for Employment Policy, September 1979.

Goldfarb, Robert. "The Policy Content of Quantitative Minimum Wage Research." *Industrial Relations Research Association Proceedings of the 27th Annual Meeting,* 1974.

Goldhammer, Keith; Gardner, R.; Heilman, C.; Libby, R.; Makma, A.; and Kielfors, G. *Experience-Based Career Education: A Description of Four Pilot Programs Financed Through the National Institute of Education: Final Report.* Washington, D.C.: U.S. Department of Health, Education, and Welfare, National Institute of Education, January 1975.

Gramlich, Edward M. "Impact of Minimum Wages on Other Wages, Employment, and Family Income." *Brookings Papers on Economic Activity* 2 (1976).

Grasso, John and Shea, John. *Vocational Education and Training: Impact on Youth.* Berkeley: The Carnegie Council on Policy Studies in Higher Education, 1979.

Hall, Oswald and Carlton, Richard. *The Study of Albertown,* Occasional Paper 1. Toronto: Ontario Economic Council, 1977.

Hamermesh, Daniel S. and Grant, James. "Do Employers Substitute Workers of Different Ages, Races and Sexes, and What Does This Imply for Labor Market Policy?" Paper prepared for the National Commission For Employment Policy, October 1979.

Harnischfeger, Annegret and Wiley, David. "The Decline of Achievement Test Scores: Evidence, Causes, and Consequences." Princeton: Educational Testing Service, February 1977.

Harrell, Adele and Wirtz, Philip. "An Analysis of the Antecedents of Youth Unemployment." Paper prepared for the National Commission for Employment Policy, August 1979.

Haveman, Robert, editor. *A Decade of Federal Anti-Poverty Programs.* New York: Academic Press, 1977.

Hilaski, Harvey J. "How Poverty Area Residents Look for Work." *Monthly Labor Review* 94, No. 3 (March 1971).

Hoepfner, Ralph; Zagorski, H.; and Wellisch, J. *Technical Report No. 1 from the Study of Sustaining Effects of Compensatory Education on Basic Skills.* Santa Monica: System Development Corporation, 1977.

Hofferth, Sandra; Moore, K; and Caldwell, S. *The Consequences of Age at First Childbirth: Labor Force Participation and Earnings.* Washington, D.C.: The Urban Institute, August 1978.

Jencks, Christopher. *Inequality: A Reassessment of the Effect of Family and Schooling in America.* New York: Basic Books, 1972.

Johnston, Jerome and Bachman, Jerald. *The Transition from High School to Work: The Work Attitudes and Early Occupa-*

tional Experiences of Young Men. Ann Arbor: University of Michigan, Institute for Social Research, 1973.

Jusenius, Carol. "Young Adults Out of School and Out of Work, Part II. A Review of the Evidence on the Causes of Young Adult Unemployment." Briefing paper. Washington, D.C.: National Commission for Manpower Policy, November 1978.

Kean, Michael H. ; Summers, A.; Rairetz, M.; and Farber, I. *What Works in Reading?* Philadelphia: School District of Philadelphia, Office of Research and Evaluation, 1979.

Kerachsky, Stuart; Lapczynski, P.; and Maller, C. "An Examination of Job Corps Participation." Princeton: Mathematica Policy Research, February 1979.

Kiefer, Nicholas M. "The Economic Benefits from Manpower Training Programs," Technical Analysis Paper 43. Washington, D.C.: U.S. Department of Labor, Office of the Assistant Secretary for Policy, Evaluation and Research, November 1976.

King, Randall H. *Labor Market Consequences of Dropping Out of High School.* Columbus: The Ohio State University, Center for Human Resource Research, 1978.

Koo, Helen P.; Bilsborrow R.; and Suchindran, L. "Long-Term Marital Disruption, Fertility and Socioeconomic Achievement Associated with Adolescent Childbearing." Chapel Hill: The Carolina Population Center, April 1978.

Lantry, David and O'Keefe, Patrick. "On-The-Job Training: A Review of the Experience." Washington, D.C.: National Commission for Manpower Policy, 1978.

Leigh, Duane, E. and Rawlins, V. Lane. "Racial Differentials in Male Unemployment Rates: Evidence From Low Income Areas." *The Review of Economics and Statistics* 56, No. 2 (May 1974).

Lerman, Robert; Barnow, B.; and Moss, P. "Concepts and Measures of Structural Unemployment," Technical Analysis Paper No. 64. Washington, D.C.: U.S. Department of Labor, Office of the Assistant Secretary for Policy, Evaluation and Research, 1979.

Levitan, Sar A. and Belous, Richard S. *More Than Subsistance: Minimum Wages for the Working Poor.* Baltimore: Johns Hopkins University Press, 1979.

Levitan, Sar A.; Mangum, G.; and Marshall, R. *Human Resources and Labor Markets.* New York: Harper and Row, 1972.

Lewis, Hylan; Clark, M.; Cloward, R.; Frost, O.; Jones, J.; Johnson, S.; and Nasatir, D. *Improving Employment Opportunities for Female Black Teenagers in New York City.* Washington, D.C.: U.S. Department of Labor, Employment and Training Administration, 1977.

Luckett, James and Flanagan, Robert. "Youth Employment Policy Review Issues." Working paper. Washington, D.C.: Council of Economic Advisers, April 1979.

Lynton, Edith; Seldin, J.; and Gruhin, S. *Employers' Views on Hiring and Training.* New York: Labor Market Information Network, 1978.

Mallar, Charles; Kerachsky, S.; Thornton, C.; Good, T.; and Lapczynski, P. "Evaluation of the Economic Impact of the Job Corps Program: First Follow-up Report." Washington, D.C.: U.S. Department of Labor, Employment and Training Administration, 1979.

Mangum, Garth. *Employability, Employment and Income.* Washington, D.C.: Olympus Publishing Company, 1976.

Mangum, Garth and Walsh, John. *Employment and Training Programs for Youth: What Works Best for Whom?* Washington, D.C.: U.S. Department of Labor, Employment and Training Administration, 197[illegible].

Manpower Demonstration Research Corporation. *The Youth Entitlement Demonstration: A Summary Report on the Start-Up Period of the Youth Incentive Entitlement Pilot Projects.* New York: Manpower Demonstration Research Corporation, January 1979.

Mare, Robert and Winship, Christopher. "Changes in Race Differentials in Youth Labor Force Status." Paper prepared for the National Commission for Employment Policy, December 1979.

Masters, Stanley and Garfinkel, Irwin. *Estimating the Labor Supply Effects of Income-Maintenance Alternatives.* New York: Academic Press, 1977.

Mathematica Policy Research. *The Supported Work Demonstration: Effects During the First 18 Months After Enrollment.* Princeton: Mathematica Policy Research, 1979.

Mayeske, George. *Technical Summary: A Study of Compensatory Reading Programs.* Washington, D.C.: U.S. Department of Health, Education and Welfare, Office of Education, 1976.

McGowan, Eleanor and Cohen, David. "Career Education—Reforming School Through Work." *Public Interest* 46, No. 4 (Winter 1977).

Meyer, Robert and Wise, David. "High School Preparation and Early Labor Force Experience." Paper presented to the National Bureau of Economic Research Conference on Youth Employment; Airlie, Virginia, May 1979.

Mirengoff, William and Rindler, Lester. *CETA: Manpower Programs Under Local Control.* Washington, D.C.: National Academy of Sciences, 1978.

Moore, Kristin A. "The Economic Consequences of Teenage Childbearing." Testimony before the U.S. House of Representatives Select Committee on Population, February 28, 1978.

Mott, Frank L. and Shaw, Lois B. "Work and Family in the School Leaving Years: A Comparison of Female High School Graduates and Dropouts." Paper presented at the Conference on Young Women and Employment, May 1978.

National Academy of Education, Task Force on Education and Employment. *Education for Employment: Knowledge for Action.* Washington, D.C.: Acropolis Books, 1979.

National Advisory Council on Vocational Education, School-to-Work Project Team. *Final Report: School-to-Work Project.* Washington, D.C.: National Advisory Council on Vocational Education, 1976.

National Association for Industry Education Cooperation. *Placement Services: A Training Manual.* Ann Arbor: Prakken Publishers, 1977.

National Chamber Forecast and Survey Center. "A Survey of Federal Employment and Training Programs." Washington, D.C.: Chamber of Commerce of the United States, September 1978. Survey undertaken jointly with the Gallup Organization.

National Commission for Manpower Policy. *Fourth Annual Report to the President and the Congress: An Enlarged Role for the Private Sector in Federal Employment and Training Programs,* Report No. 8. Washington, D.C.: U.S. Government Printing Office, December 1978.

________________________ . *From School to Work: Improving the Transition.* Washington, D.C.: U.S. Government Printing Office, April 1976.

________________________ . *CETA: An Analysis of the Issues,* Special Report No. 23. Washington, D.C.: National Commission for Manpower Policy, May 1978.

Nolfi, George J.; Fuller, W.; Corazzini, A.; Epstein, W.; Freeman, R.; Manski, C.; Nelson, V.; and Wise, D. *Experiences of Recent High School Graduates.* Lexington: Lexington Books, 1978.

North, David and LeBel, Allen. *Manpower and Immigration Policies in the United States,* Special Report No. 20. Washington, D.C.: National Commission for Manpower Policy, February 1978.

Ogbu, John. *Minority Education and Caste: The American System in Cross-Cultural Perspective.* New York: Academic Press, 1978.

Okun, Arthur M. "Upward Mobility in a High-Pressure Economy." *Brookings Papers on Economic Activity,* 1 (1973).

Osterman, Paul. "Youth Labor Market Structure." Unpublished paper, November 1978.

________________________ . "Black and White Youth Employment: A Cross-Sectional Analysis." Unpublished paper, June 1979.

________________________ . "The Employment Problems of Black Youth: A Review of Evidence and Some Policy Suggestions." Paper prepared for the National Commission for Employment Policy, July 1979.

______________________. "The Structure of the Labor Market for Young Men." Unpublished paper, undated.

Palmer, John, editor. *Creating Jobs: Public Employment Programs and Wage Subsidies.* Washington, D.C.: The Brookings Institution, 1978.

Pelavin, Sol H. and Thomas, Thomas C. *Patterns in ESEA Title I Reading Achievement,* Research Report EPRC 4537-12. Stanford: Stanford Research Institute, 1976.

Perry, Charles R.; Anderson, B.; Rowan, R.; and Northrup, H. *The Impact of Government Manpower Programs: In General, and on Minorities and Women.* Philadelphia: University of Pennsylvania, 1975.

Presser, Harriet B. "Early Motherhood: Ignorance or Bliss?" *Family Planning* 6, No. 1 (Winter 1974).

______________________. "Sally's Corner: Coping With Unmarried Motherhood." Paper presented to the American Sociological Association; San Francisco, September 4-7, 1978.

Ragan, James. "Minimum Wages and the Youth Labor Market." *The Review of Economics and Statistics,* May 1977.

Reubens, Beatrice G. *Bridges to Work: International Comparison of Transitional Services.* Washington, D.C.: U.S. Department of Labor, Employment and Training Administration, July 1977.

Riblich, Thomas I. *Education and Poverty.* Washington, D.C.: The Brookings Institution, 1968.

Richard A. Gibboney Associates. *The Career Intern Program Final Report,* Volumes I and II. Blue Bell, Pennsylvania: Richard A. Gibboney Associates, 1977.

Ryscavage, Paul and Gilroy, Curtis. "Earnings Foregone by the Unemployed." *Proceedings of The Business and Economics Section,* American Statistical Association, 1977.

Silk, Andrew. " 'Is it Me or the System?'—The Ambivalence of Youth Unemployment." Internal report. Edna McConnell Clark Foundation, November 1978.

Smith, James P. and Welch, Finis R. "Black-White Male Wage Ratios: 1960-70." *American Economic Review* 67, No. 3 (June 1977).

Smith, Ralph E. "Goals for National Youth Employment Policies." Briefing Paper. Washington, D.C.: National Commission for Employment Policy, March 1979.

Smith, Ralph; Vanski, J.; and Holt, C. "Recession and the Employment of Demographic Groups." *Brookings Papers on Economic Activity* 3 (1974).

Sprengel, Donald and Tomey, Allan. *Longitudinal Impact Assessment of the 1971-1972 Vocational Exploration in the Private Sector Program.* Washington, D.C.: U.S. Department of Labor, July 1974.

Stebbins, Linda; St. Pierre, R.; Proper, E.; Anderson, R.; and Cerva, T. *Education as Experimentation: A Planned Variation Model,* Volumes I, II, and III. Washington, D.C.: U.S. Department of Health, Education, and Welfare, Office of Education, 1977.

Stephenson, Stanley. "The Economics of Youth Job Search Behavior." *The Review of Economics and Statistics* 58, No. 1 (February 1976).

______________________. "The Short-Run Employment Consequences of Work Experience While in School." Paper prepared for the National Commission for Employment Policy, December 1979.

Stern, Barry E. *Toward a Federal Policy on Education and Work.* Washington, D.C.: U.S. Government Printing Office, 1977.

Stern, Evelyn S., editor. *Declining Test Scores, A Conference Report.* Washington, D.C.: U.S. Department of Health, Education and Welfare, National Institute of Education, 1976.

Stromsdorfer, Ernst and Somer, Gerald. *A Cost Effectiveness Study of the In-School and Summer NYC.* Madison: University of Wisconsin, 1970.

Summers, Anita and Wolfe, Barbara. "Do Schools Make A Difference?" *American Economic Review* 67, No. 3 (September 1977).

Timpane, Michael; Abramowitz, S.; Bobrow, S.; and Pascal, A. *Youth Policy in Transition.* Santa Monica: Rand Corporation, 1976.

U.S. Department of Commerce, Bureau of the Census. "School Enrollment—Social and Economic Characteristics of Students: October 1977." Current Population Report, Series P-20, No. 233, February 1979.

________________________ . "Characteristics of the Population Below the Poverty Level: 1977." Current Population Report, Series P-60, No. 119, March 1979.

U.S. Department of Health, Education, and Welfare, National Institute of Education. *The Planning Papers for Vocational Education Study.* Washington, D.C.: National Institute of Education, April 1979.

U.S. Department of Health, Education and Welfare, Office of Education. *Annual Evaluation Report on Programs Administered by the U.S. Office of Education.* Washington, D.C.: U.S. Department of Health, Education and Welfare, 1977.

________________________ . *Elementary Schools and the Receipt of Compensatory Funds,* Executive Summary. Washington, D.C.: U.S. Department of Health, Education, and Welfare, 1977.

________________________ . *Student Economic Background Achievement Status and Selection for Compensatory Services,* Technical Summary. U.S. Department of Health, Education, and Welfare, 1978.

U.S. Department of Labor. *Employment and Training Report of the President.* Washington, D.C.: U.S. Government Printing Office, Various issues.

U.S. Department of Labor, Bureau of Labor Statistics. *Employment and Earnings.* Various issues.

________________________ . "Students, Graduates, and Dropouts in the Labor Market." *Special Labor Force Reports.* Various issues.

________________________. *Youth Unemployment and Minimum Wages,* Bulletin 1657. Washington, D.C.: U.S. Government Printing Office, 1970.

U.S. Department of Labor, Employment and Training Administration. *Career Thresholds,* Vols. I-VI. Washington, D.C.: U.S. Department of Labor.

________________________. *Years for Decision,* Vol. II, Manpower Research Monograph No. 24. Washington, D.C.: U.S. Department of Labor, 1971.

________________________. *Assessments of the Job Corps Performance and Impacts.* Washington, D.C.: U.S. Department of Labor, 1979.

________________________. "Implementation of the Young Adult Conservation Corps." Washington, D.C.: U.S. Department of Labor, 1979.

U.S. Department of Labor, Employment and Training Administration, Office of Youth Programs. "Job Corps Expansion and Enrichment: A Report on Progress, Problems and Prospects." Washington, D.C.: U.S. Department of Labor, 1979.

________________________. *A Knowledge Development Plan for Youth Initiatives—Fiscal 1979.* Washington, D.C.: U.S. Department of Labor, 1978.

U.S. Department of Labor, Office of the Assistant Secretary for Policy, Evaluation and Research; and the Employment and Training Administration, editors. *Conference Report on Youth Unemployment: Its Measurement and Meaning.* Washington, D.C.: U.S. Department of Labor, 1978.

U.S. Department of Labor, Office of the Assistant Secretary for Policy, Evaluation and Research. *Supplementary Papers From the Conference on Youth Unemployment: Its Measurement and Meaning.* Washington, D.C.: U.S. Department of Labor, 1978.

U.S. General Accounting Office. "More Effective Management is Needed to Improve the Quality of the Summer Youth Employment Program." Washington, D.C.: U.S. General Accounting Office, 1979.

Vialet, Joyce. *Illegal Aliens: Analysis and Background.* Washington, D.C.: Congressional Research Service, 1977.

Wachter, Michael and Choongsoo, Kim. "Time Series Changes in Youth Joblessness." Paper presented at the National Bureau of Economic Research on Youth Unemployment; Airlie, Virginia, May 1979.

Wallace, Phyllis. *Unemployment Among Black Teenage Females in Urban Poverty Neighborhoods.* Washington, D.C.: U.S. Department of Labor, Manpower Administration, June 1972.

Wasson, Louise, editor. *Experimental Education: A Primer on Programs.* Columbus: Ohio State University, The National Center for Research in Vocational Education, 1978.

Wegmann, Robert. "Job-Search Education." Mimeographed report to the National Institute of Education, June 1979.

West, Richard W. *The Effects of the Seattle and Denver Income Maintenance Experiments on the Labor Supply of Young Nonheads.* Research prepared for the U.S. Department of Health, Education, and Welfare, June 1978.

Williams, Jeffrey W., editor. *Students and Schools.* Washington D.C.: U.S. Department of Health, Education and Welfare, National Center for Education Statistics, 1978.

Wolfe, Mark. "The Vocational Education Act." Background paper. Washington, D.C.: Library of Congress, April 1979.

Wurzburg, Gregory. "Improving Job Opportunities for Youth: A Review of Prime Sponsor Experience in Implementing the Youth Demonstration Projects Act." Washington, D.C.: National Council on Employment Policy, August 1978.

____________________. "Overview to the Local Focus on Youth: A Review of Prime Sponsor Experience Implementing the Youth Employment and Demonstration Projects Act." Washington, D.C.: National Council on Employment Policy, February 1979.

Part C

Major Commission Activities During 1979

Major Commission Activities During 1979

Youth employment policies clearly were at the center of the Commission's agenda during 1979, but there were other activities that engaged the attention of the Commission and its staff. This section of the report reviews both the activities undertaken in support of the youth project and some of the additional activities sponsored by the Commission during 1979. The appendixes contain a more detailed listing of Commission meetings and published reports.

A. Activities in Support of the Youth Project

Employment problems of youth have been high on the Commission's agenda since it was organized in late 1974. A special Commission Task Force on Youth was established in 1975, and devoted a major part of its energies toward expanding the knowledge base in the youth employment area. The principal product of this earlier effort was the book, *From School to Work: Improving the Transition,* a collection of policy papers published by the Commission in 1976. In that same year, a substantial portion of the Commission's second annual report, *An Employment Strategy for the United States—Next Steps,* was devoted to youth employment issues. Many of the provisions of the Youth Employment and Demonstration Projects Act of 1977, were similar to the recommendations advanced in that report.

Subsequently, John W. Porter, then the Michigan Superintendent of Public Instruction and an original member of the Commission, urged that the Commission continue its efforts in the youth field. After discussion of the issue at several Commission meetings, it was agreed in May 1978 that a new Youth Task Force would be established and that youth employment would be a major agenda item during 1979. Dr. Porter was named Task Force Chairman; the other members were Timothy Barrow, Roy Escarcega, Malcolm Lovell, and Lester Thurow.

The Task Force met four times during the summer and fall of 1978 to assist the Director and staff in charting the course for the project. It was agreed that the project would review the nature and dimensions of the youth employment problem, examine policy responses to youth unemployment, and develop proposals for the future direction of youth employment policies in the 1980's. A work plan was devised that involved research, conferences, field hearings, site visits, and other activities. The field hearings are summarized in Appendix III and the other activities are described in the sections that follow.

American Assembly on Youth Employment. In August, the Commission and the American Assembly (Columbia University) cosponsored an American Assembly on Youth Employment. Some 75 American leaders from business, labor, government, education, and the professions met for three days at Arden House, Harriman, New York, to consider the ways in which the nation might assist its youth in their search for jobs. At the conclusion of the Assembly, the conference adopted a report that made recommendations in three areas: goals and priorities for the 1980's, job opportunities, and preparation for work. Background papers for the Assembly were prepared and distributed in advance of the meeting; these papers are being published by Prentice-Hall, Englewood Cliffs, New Jersey, under the title *Youth Employment and Public Policy*, edited by Bernard E. Anderson and Isabel V. Sawhill.

Advisory Panel. The Commission early in 1979 established an Advisory Panel, comprised of economists and sociologists who are experts in the areas of employment, education, and training, to consult with the staff on the design and conduct of the research activities that were carried out as part of the youth project. At a meeting in mid-April the panel reviewed staff papers that attempted to synthesize the extant research on youth employment. The group also identified a number of issues in which there were gaps in knowledge that might be filled by additional research. During the summer, individual members of the Advisory Panel served as informal consultants to the staff and reviewed the final versions of the staff report. The panel consisted of Henry Aaron, Sue Berryman, Michael Borus, James Coleman, George Johnson, Garth Mangum, Paul Osterman, George Perry, Michael Piore, and Lee Rainwater.

Participant Observer Conference. As a part of its broad exploration of youth unemployment problems, the Commission sponsored a "participant observer" conference, i.e., a meeting of researchers and journalists who have conducted their research on youth through direct observation methods. The purpose of the conference was to learn more about the activities and attitudes of youth and of employers, based on information which is not readily available in published sources. The conference was held in March, and was organized by Carol Jusenius of the Commission staff.

Roundtable with Council of Chief State School Officers. In May, representatives of the Commission and the Council of Chief State Officers held a joint meeting in Washington to discuss the relationship between education and work. The objective of the meeting was to explore the directions for youth employment policies for the 1980's from the perspective of the education community as represented by the state superintendents of public instruction. Dr. John Porter chaired the meeting and was assisted by Ray Reisler of the Commission staff.

Sponsored Research on Youth Unemployment. The Commission sponsored new research in several areas which had been identified as needing additional work. These areas included, first, the extent to which job competition exists between older workers (especially adult women) and youth (undertaken by Daniel Hamermesh and James Grant). The second area for research was the racial differential in labor market experience: the reasons for the historically widening gap in employment and unemployment (Robert Mare and Christopher Winship) and the reasons for the present-day differential (Paul Osterman). Finally the Commission sponsored two pieces of research on the consequences of youth joblessness. The first dealt with the effect of in-school labor market experiences on employment during the immediate post-school years (Stanley Stephenson); the second dealt with the psychological consequences of poor labor market experiences after leaving school (Paul Andrisani). The Commission will publish this research early in 1980.

Symposium on Education and Youth Unemployment. The Commission and the National Institute of Education cosponsored a Symposium on Education and Youth Unemployment on September 6-7, at Reston, Virginia. In advance of the meeting, twelve scholars were invited to prepare brief discussion papers concerning (a) the ways in which schooling has in the past, and might in the future, affect the employment prospects of young people, and (b) the associated implications for policy-making and research. The twelve paper-writers together with representatives of the Commission, the National Institute of Education, and the U.S. Office of Education constituted the discussion panel. Dr. John Brandl of the University of Minnesota was responsible for planning, chairing, and summarizing the symposium.

Youth Project Dinner Seminars. With the support of foundation funding, the Commission conducted a series of four dinner seminars in connection with its youth employment policies project. Three of the seminars were devoted to specific topics: (1) the knowledge development plan devised to measure and document progress under the Youth Employment and Demonstration Projects Act of 1977; (2) the relationship between education and employment; and (3) a comparison of United States youth employment problems and programs with those of other industrialized nations. Each of these seminars was led by a recognized authority in the field, and the participants included persons from the executive and legislative branches of the government who have responsibilities in the youth employment area; scholars having special interest and knowledge of youth employment issues; and members of the Commission's staff. A fourth dinner seminar was held to review the Commission's findings and recommendations on youth employment and to provide a forum for discussion of possible legislative strategies.

B. Other Activities

Study of Inflation-Unemployment. One of the Commission's statutory functions is to "study and make recommendations on how the Nation can achieve and maintain full employment, with special emphasis on the employment difficulties faced by the segments of the labor force that experience differentially high rates of unemployment." In August the Commission issued a request for proposals for research on the role of labor market policies in reducing unemployment in relatively noninflationary ways. The purpose of the request for proposals is to stimulate research that would extend the knowledge base for making policy decisions over the next several years about methods of improving the structure of the labor market that would have a significant macroeconomic impact. Research funded as a result of this competition will begin in 1980.

Seminar on Immigration and Employment Policies. In 1978, Secretary of Labor Ray Marshall asked the Commission to undertake a review of the H-2 Program (Temporary Admission of Foreign Workers) and to make recommendations to him on the future of that program in the larger context of the nation's changing employment structure. Held in Washington on March 13, 1979, the seminar focused on two documents prepared for the Commission: *Manpower and Immigration Policies in the United States*, by David North and Allen LeBel (Special Report No. 20, February 1978) and *Temporary Admission of Foreign Workers: Dimensions and Policies*, by Edwin P. Reubens (Special Report No. 34, March 1979). The seminar brought together representatives of principal federal executive and legislative groups and specialists from outside government. The purpose of the seminar was to discuss issues which impact on both immigration and labor market policies, including granting of special permits to workers in short supply. The Chairman forwarded his recommendations to the Secretary on May 1, 1979.

Seminar on Economic Dislocation and Public Policy. In accordance with the request of the Secretary of Labor, the Commission, on July 13, 1979, sponsored a seminar in Washington on various dimensions of economic dislocation and public policy. The discussants included representatives from labor, government, academe and the business sector. They focused on the following issues: the nature, extent and consequences of economic dislocation; the rationale for government intervention; experience with existing programs, and new directions for policy. On July 30, 1979 the Chairman wrote to Secretary Marshall forwarding his summary of the major themes and issues which surfaced during the seminar.

Study of How CETA Eligibility Standards Impact on Single Heads of Households. In the 1978 CETA Amendments, the Congress directed the Commission to "examine and evaluate" the eligibility standards of CETA to determine their impact on single heads of households, especially women and older Americans. The legislation required that the Commission submit a report by July 1, 1979. Mathematica Policy Research developed a report for the Commission that estimated the eligible population of single heads of households and attempted to estimate the extent to which it was being served. The Commission reported to the Congressional leadership that the new targeting provisions in the Amendments of 1978 had been in effect for such a short period of time that it was not possible to determine their impact on this target population and recommended no changes in eligibility standards at that time. In his communication to the leadership, the Chairman noted that the Commission was contemplating a study of the labor market status of women and that this study might produce new information on the subject.

Part D

Agenda for 1980 and 1981

Agenda for 1980 and 1981

A statutory commission such as the National Commission for Employment Policy, which has the responsibilities of advising both the legislative and executive branches of the federal government, must balance between two conflicting approaches in developing its agenda.

On the one hand, it can respond to requests for topical advice on issues that have moved to the top of the nation's agenda. On the other, it can adopt a somewhat larger perspective by focusing on a single issue that it views of overriding importance.

The National Commission for Employment Policy, reviewing its experience, its resources, and the understandings it has arrived at with both the staffs of the substantive Congressional committees to which it reports and the Office of Management and Budget with which it consults on its work plan and budget, has decided to develop an agenda for 1980 and beyond that combines the best of these two approaches.

The Commission will invest some time and resources in current issues of moment, but will devote its major investments to two subjects per year in the hope of making a contribution to long-term employment policy. With 1980 likely to be a period of declining business and increasing unemployment, the Commission has instructed its staff to develop an overview paper of positions that it has recommended in the past about preferred ways in which the federal government can respond quickly and effectively to a worsening employment outlook. With such a review paper before it, the Commission will consider at its spring meeting whether, in light of the existing and prospective employment trends, it will forward recommendations for early congressional action.

On the immediate and continuing issue of the employment impact of the energy crisis, the Commission faces a dilemma. It has been under instruction of the Congress to explore this issue ever since passage of the Comprehensive Employment and Training Act in 1973. Although it made one or two probes in an effort to comply, the Commission decided not to struggle upstream. In the absence of a national energy policy, the Commission could not explore the employment impacts of various alternatives until such alternatives had been specified and implemented.

But the time is probably not far off when the outlines of a national energy policy will emerge. In anticipation thereof, the Commission considers it opportune to start exploring the energy-employment interface at least to the extent of making a staff investment on the state-of-the-art, the quantity and quality of the information, and the range and depth of the analytic studies available. Once this staff report is in hand, the Commission will be better positioned to determine whether the time is opportune for it to launch a major effort.

Because of the overriding importance in a period of continuing high inflation for the nation to understand the potentialities of selective employment policies that might add to the total number of jobs without contributing to further pressures on prices, the Commission has issued a request for research proposals to start work in this difficult, but critically important, area. The Commission hopes that the work generated in 1980 together with modest staff supplementation will provide the critical inputs for the major effort that it plans to make in this area in 1981.

So much for the preparatory and short-term responses that the Commission has included in its 1980 work plan. There remains the need for identification and brief discussion of the two priority agenda items: "Improving the Linkage between Employment and Economic Development Policies," and "The Import and Impacts of the Changing Role of Women in the Labor Force." The major effort of the Commission and its staff will be directed to exploring these subjects in depth. The sixth annual report of the Commission, to be available in December 1980, will be focused on the interim or final policy recommendations derived from those studies.

There are several reasons why the Commission has decided to look closely at ways in which employment policy can be coordinated with economic development. First, the Commission in its last three annual reports has placed heavy weight on involvement of local employers in training and employment efforts, convinced that only thereby will increasing numbers of the structurally unemployed have an opportunity to access the regular job market. Second, the Commission is aware of the efforts of the Departments of Labor, Commerce, and Housing and Urban Development to improve the linkages and achieve closer alignment of their employment and economic development programs. The Commission, in responding to its congressional charter in matters of coordination, sees merit in its assessing these efforts and exploring ways of strengthening these joint activities.

Third, the Commission has been concerned for some time about the additional barriers to employability that afflict the structurally unemployed where they are heavily concentrated. Looking for a job where the unemployment rate is 5 or 7 percent is quite different from looking for a job in an area where an unemployment rate of 15 or 20 percent prevails.

The Commission expects that its initial probe into the energy frontier may yield some suggestions as to how the structurally unemployed might be hired on energy conservation efforts, such as weatherization, and more importantly, whether steeply rising costs of energy are likely to alter the willingness of employers to locate, remain, or expand in inner-city areas characterized by large numbers of structurally-unemployed persons.

With respect to the arena of "women and work," the Commission has been seeking for some time to deal in depth with this important issue. In its current recommendations with respect to youth unemployment, the Commission called attention specifically to the difficulties of disadvantaged young women who are forced to leave school before receiving their diplomas to give birth to and care for children, and the need for these women to have opportunities to complete their education and training so as to become self-supporting later on. During the course of 1979 the Commission dealt with the broader question of "women and work" as part of its report to the Congress on single heads of households.

In putting this topic on its agenda for 1980, the Commission desires to signal its intention to probe the many interrelated facets in which the developmental experience in the family, in school, and in the community condition how girls and young women think about the future role of work in their lives and how these attitudes affect their preparation; the manner in which the long-term concentration of women workers in relatively few occupations came to be established and the forces that contribute to solidifying or modifying these patterns; the market and nonmarket forces that affect the wages and benefits that women workers earn; the extent to which the Social

Security and other income transfer systems treat workers equally, irrespective of their gender; and a number of other strategic issues that can be determined only after the work plan is more fully articulated.

In undertaking this large-scale inquiry into "women and work," the Commission will develop new knowledge of the forces and mechanisms that effect equal employment in the work arena. This will provide the Commission with a head start on its agenda for 1981 at which time it plans to assess the problems of the growing Hispanic population in the labor market.

As the foregoing has indicated, the agenda for 1980 has a two-fold aim: to provide guidance to the President and the Congress on two critical issues—the employment dimensions of economic development and the changing role of women in the workplace—and to get important preparatory work completed on employment and inflation, energy, and the Hispanic population, which at present appear to be the priority issues in the Commission's agenda for 1981.

Part E

Appendixes

Appendix I

Special Reports of the Commission, 1979

An important function of the Commission is to inform those responsible for formulating and implementing policy, as well as the interested public, on employment-related issues. The proceedings of meetings and conferences are carefully edited and widely distributed. In addition to conference reports, the Commission has asked experts in various fields to bring into focus issues where more information is needed. Since the appearance of the *Fourth Annual Report,* the Commission has published the following Special Reports:

A. Women's Changing Roles at Home and on the Job

Special Report No. 26 contains the proceedings of a conference on the National Longitudinal Surveys (NLS) of Mature Women, which was cosponsored by the Commission and the Office of Research and Development of the U.S. Department of Labor. The data from the NLS survey follow until 1972 the work and domestic histories of women who were 30-44 in 1967. The papers prepared for this conference, which were based on these data, capture a generation in transition.

B. European Labor Market Policies

Special Report No. 27 presents the invited papers and an overview from a conference cosponsored by the German Marshall Fund. The conference focused on the recent experiences of several European countries with selective employment policies, especially wage subsidy schemes, and the ways in which such policies are coordinated with macroeconomic measures. The conference was organized by, and the report edited by, Professor Orley Ashenfelter.

C. Work Time and Employment

Special Report No. 28, edited by Professor Robert Clark, contains the background papers and summary of a conference concerned with changes in traditional work schedules. These proceedings discuss the advantages and disadvantages of combatting unemployment by reducing work time in order to distribute jobs among more people. Manipulation of the various policies bearing on the hours of workers was a major concern of the authors, discussants, and speakers.

D. Increasing Job Opportunities in the Private Sector

Special Report No. 29 reports on a conference which was supported by the Economic Development Administration of the U.S. Department of Commerce and the Ford Foundation, and was edited by Dr. John Palmer. It focuses on alternative methods of increasing job opportunities in the private sector. Various methods of targeting employment subsidies, attitudes of the private sector toward government programs in this area, and tax credit approaches are discussed.

E. Trade and Employment

Special Report No. 30 presents a selection and condensation of a large body of materials prepared for a conference on the employment impacts of international trade, held in cooperation with the Bureau of International Labor Affairs of the U.S. Department of Labor. This report reviews the extent to which trade adjustment mechanisms were working to assist workers whose jobs were lost due to various trade impacts. The summary, written by Professor John Dunlop, emphasizes the need to articulate a sense of principles upon which the U.S. will conduct long-term relations on economic matters with the rest of the world.

F. The Business Sector Role in Employment Policy

Special Report No. 31 is the proceedings of a conference cosponsored by the Commission and the Business Roundtable to examine training and employment opportunities in the private sector. The conference was attended by corporate executives from a wide range of industries. Considerable attention was focused in the various panels on the unemployment problems of young people, particularly minority young people. Mr. William Kolberg planned the conference and directed the publication of this report, and a grant from the Ford Foundation assisted in its production.

G. Monitoring the Public Service Employment Program: The Second Round

Special Report No. 32 is the second report to the Commission on the Brookings Institution Monitoring Study of the Public Service Employment Program. It was prepared under the direction of Dr. Richard Nathan. The current report contains the second set of observations reflecting conditions in the field at the end of 1977 when the Emergency Jobs Programs Extension Act of 1976 had reached 615,000 of the 725,000 jobs. The third (and final) report is scheduled to be published early in 1980, and the Commission will transmit to the President and the Congress a final report and recommendations on public service employment.

H. The Utilization of Older Workers

Special Report No. 33 analyzes the labor market experiences of older workers. Prepared for the Commission by Dr. Dean Morse, this report considers the demographic trends and special problems of older workers and identifies several major policy issues affecting the improved utilization of older workers.

I. Temporary Admission of Foreign Workers: Dimensions and Policies

Special Report No. 34 is the result of a request by Secretary of Labor Marshall to the Commission to review the H-2 Program (Temporary Admission of Foreign Workers). The report includes a paper written by Professor Edwin Reubens and a summary of a seminar held by the Commission. The paper by Professor Reubens lays out a set of broad policy options with respect to the temporary importation of foreign labor and evaluates these options. The summary of the seminar delineates the issues raised, rather than specifying recommendations. This project received support from the Rockefeller Brothers Fund.

Appendix II

Commission Meetings, 1979

The Commission has held 18 formal meetings since its original organization in late 1974. Three of these meetings and a special meeting with the President of the United States occurred during the period covered by this report:

A. **Sixteenth Meeting:** The Commission met on July 12, 1979, in Rosslyn, Virginia. This was the first meeting held after the Commission's new public members were appointed by the President pursuant to the Comprehensive Employment and Training Act Amendments of 1978. It was primarily an organizational meeting during which the new members discussed their ideas on priority topics to be pursued by the Commission. In addition to the organizational discussions, the Commission members were briefed on the status of the youth employment policies project and on the study of single heads of households. The latter study was mandated in the CETA Amendments of 1978 and a report to the Congress was required in July 1979.

B. **Seventeenth Meeting:** The Commission met on October 12, 1979, in Washington, D.C. The meeting was devoted to the development of findings and recommendations on youth employment issues which were to be the principal subject of the Commission's *Fifth Annual Report*. Reports were received and considered from several sources including the Commission's Youth Task Force, its staff, and federal agencies concerned with youth education and employment policies and programs.

C. **Eighteenth Meeting:** The Commission met on December 7, 1979, in Washington, D.C. Final details were worked out concerning publication of the Commission's *Fifth Annual Report.* Most of the discussions were devoted to consideration of the Commission's agenda for 1980. Subjects discussed were the economic outlook and possible responses to a recession; energy and employment; economic development efforts to reduce unemployment and underemployment; ways to improve the labor market success of women; and new approaches to equality of employment opportunity.

D. Special Meeting: On November 1, 1979, the Commission met at the White House with the President and senior members of the Domestic Policy Staff to brief them on its findings and recommendations with respect to youth employment policies.

Appendix III

Field Hearings, 1979

As part of the Commission's review of youth labor market policies, its Youth Task Force conducted a series of hearings and site visits. The following staff paper summarizes the findings of these activities and the policy recommendations that emerged from the hearings.

A Summary of Youth Task Force's Hearings and Site Visits

Contents

Page

I. Introduction 221

II. Summary of Testimony 225

- A. The Causes of Youth Labor Market Problems 225
- B. Targeting Youth Services 227
- C. The Effectiveness of Programs 228
- D. The Delivery System 231
- E. Program Performance Measurement 232

III. Recommendations 235

- A. Program Objectives 235
- B. Program Design and Delivery 236

Table

1. Distribution of Witnesses at NCEP Hearings 222

Annexes

A. Hearings Information: Dates, Location and Task Force Members Attending 238

B. Topics for Witnesses' Consideration 239

C. Federal Barriers to Effective Youth Employment Programs 240

I. Introduction

As part of the Commission Youth Task Force's policy review, a series of hearings and site visits was conducted during the first half of 1979.* The members of the Task Force viewed the field work as a means by which they could:

- obtain the views and guidance of a wide range of individuals who are involved in various aspects of the many programs currently in place;
- develop information and insights into the implementation of policies and programs at the state and local level; and
- expand their perception and understanding of the multiplicity of problems that federal policies are expected to resolve.

The Task Force conducted a series of four two-day hearings during May and June. A total of 107 witnesses appeared over the course of eight days (Table 1). In addition, Task Force members and staff had the opportunity to informally meet and speak with numerous others who attended the sessions.

Each hearing covered a specific region of the country and an effort was made to balance the witnesses so that there was representation from most of the states in that area. Further, an effort was made to obtain testimony from educators, business and organized labor leaders, elected officials, community organization representatives, employment and training administrators, individual youth, and others.

---

*Commission staff members responsible for organizing the hearings were Everett Crawford, David Lantry, Patrick O'Keefe, Margaret Corsey, and Andra Rebar. The hearings summary was prepared by Everett Crawford, David Lantry and Patrick O'Keefe.

In developing the witness schedule for the four hearings, an effort was made to obtain the participation of individuals who do not typically attend sessions held in Washington, D.C. In addition, individuals who were not formally invited to appear as witnesses but wished to do so were slotted into the schedule. The result was a balanced representation of the multiple interests in youth employment policies.

In their prepared testimony, the witnesses were asked to address five general topics (see Annex B); although in their oral presentations they often stressed only one or two of these points. In brief, the five general topics were: the causes of youth labor market problems; targeting youth services; the effectiveness of the programs; the delivery system; and program performance measurement.

Task Force members and staff have made site visits to several youth programs during the course of the policy review. The sites visited included prime sponsors, community-based organizations, schools, and community development corporations. These visits were an opportunity to observe program operations and to talk to staff and participants while they were engaged in program activities.

Table 1. Distribution of Witnesses At NCEP Hearings

Affiliation	Number of Witnesses
Employment and Training	37
Community-Based Organizations	17
Education	16
Business	5
Labor	4
General Government	4
Community Development Corporations	2
Other	22
TOTAL	107

The remainder of this paper will summarize the findings of the task force field work with respect to the general topics discussed above. It will conclude with a synopsis of the policy recommendations that emerged from the hearings.

It is stressed at the outset that this summary is necessarily selective; the range and depth of the testimony defies easy summation.

II. Summary of Testimony

A. The Causes of Youth Labor Market Problems

During the hearings, the witnesses repeatedly stressed that the problems of youth in the labor market could not be attributed to a single cause. The witnesses also stressed that unemployment was only one facet of the problem; underemployment and nonparticipation in the labor market were also viewed as critical dimensions of the problem.

A generally acknowledged cause of youth labor market difficulty was that many youth were not prepared, by either their education or experience, to enter the labor market. Many witnesses, particularly educators, noted that youth who were college bound received substantial assistance (counselling, financial aid, etc.) in making the transition from one level of education to another. Their counterparts who intended to pursue a job at the end of their secondary education received no comparable assistance. Therefore, the youth entering the labor market often lacked a basic understanding of how it functioned, where the employment opportunities were and how to access them. These youth often lacked the basic competencies that are necessary to obtain a job (e.g., they could not fill out an application). Many witnesses said that the contemporary secondary education system does not provide the students with sufficient labor market information, vocational instruction and real work experience opportunities prior to graduation. This results in the graduates spending an inordinate amount of time searching for a job and establishing a work record.

There was agreement among the witnesses that, for a sizable number of youth, the lack of basic preparation was compounded by other factors such as undue expectations and poor attitudes. Many employers are reluctant to hire youth because they view them as immature, and prone to high turnover.

Finally, the witnesses noted that some youth experienced employment problems because of police records, drug and alcohol abuse, and other handicaps. For a substantial number of young women, the presence of children limited both their employment and their education/training opportunities. The problems of young, single mothers were underscored by many. Educators noted that this was the single largest cause of young women dropping out of high school prior to graduation. Others, particularly representatives of community organizations and prime sponsors, pointed to the lack of adequate day care facilities as a major impediment to increasing the employment and training services for young mothers.

There was general agreement that changes in the size and composition of the U.S. labor force were among the many causes of continuing high unemployment among youth. While acknowledging that job growth in the U.S. over the past few years had been substantial, the witnesses were quick to point out that the growth of the labor force had been prodigious. Many witnesses concluded that adult women and undocumented workers had taken jobs that would have otherwise gone to youth. Further, it was the opinion of some that continued high rates of inflation would exacerbate the problem by causing older workers to delay their retirements or reenter the labor market.

It was generally agreed that changes in the economy, particularly changes in urban labor markets, were another major cause of youth joblessness. The relocation of industry away from urban areas, increased competition from foreign products, shifts reduced by energy shortages, and others were all seen as factors moving jobs away from places where many disadvantaged youth are located. Several witnesses spoke of the painful irony of high levels of youth unemployment persisting in the cities, while competition was keen for workers in the outlying suburbs; the lack of information about these opportunities and inadequate transportation prevented many youth from obtaining these jobs.

Several witnesses noted that the pockets of unemployment that existed in urban and rural areas were not assisted by economic growth to the same extent that they were hurt by recession. As the nation recovered from a recession, these areas were usually the last to feel the effects of growth, and then only minimally. However, when the nation entered a period of slow economic growth, or actual contraction, these areas were quickly affected and many of their employers, operating on very tight margins, were driven out of business entirely. For these witnesses, employment and training programs and changes in education would be only a partial answer. The witnesses concluded that progress in reducing youth unemployment in these depressed areas would require targeted economic development efforts using resources from public and private sources.

Numerous witnesses stressed the continuation of discrimination (based on race and sex) as a major factor contributing to the differential experiences of whites and males versus minorities and females. It was generally accepted that only through increased equality of employment opportunity throughout the labor market would progress be made in reducing these differentials.

Many witnesses suggested that child labor laws, insurance requirements and restrictive hiring practices limited the number of jobs to which youth had access. The minimum wage was also mentioned as a cause of youth unemployment, several witnesses suggesting that increases in the minimum wage had destroyed jobs that would previously have been held by youth.

In sum, the witnesses were virtually unanimous in their opinion that youth labor market difficulties result from numerous causes. Given the multiplicity of causes, they argued for a policy that would permit flexibility in the responses. Finally, most witnesses acknowledged that, for the majority of youth, these were only temporary impediments to finding a job; however, the witnesses asserted that for a significant portion of the youth population, these temporary impediments would result in a permanent scarring of the individual.

B. Targeting Youth Services

Targeting (i.e., determining who will be served) was discussed primarily in the context of providing employment and training services. As many educators noted, education in the U.S. is essentially an entitlement, with only a few programs requiring conformance with federally established eligibility criteria.

The witnesses were generally agreed that the current youth program eligibility standards were overly restrictive and that they should be loosened. For certain services, for example orientation to the world of work and school-based vocational exploration, there was agreement that all students should receive the services. For targeted programs, there was agreement that less restrictive criteria would have several benefits, not the least of which would be serving needy youth who were only slightly above the current income eligibility standard. The prevailing opinion among the witnesses was that the income eligibility standard should be raised, perhaps to 100% of the lower living standard income level. The witnesses argued strongly that the federal government should only establish broad eligibility standards and allow the local operators the flexibility to establish guidelines that were responsive to the local conditions.

Several witnesses recommended targeting services based on the age of the participant; many suggested providing different services based on the school enrollment status of the youth. However, even those witnesses who suggested increased targeting based on age or school status were quick to point out that there was a range of needs among the youth and, perforce, a range of services would be required. Again, there was virtually unanimous support for the proposition that the federal government should limit, to the absolute minimum, the eligibility categories it established; allowing operators maximum flexibility to serve those most in need in their jurisdiction.

Several witnesses suggested that local discretion in deciding who among the eligible population was to be served resulted in an inequitable allocation of services. They suggested that this inequity would continue unless the law was amended to require the use of organizations that served particular groups in the community, or through increased use of direct national funding to such groups.

Another proposition that was strongly supported by the witnesses was that the eligibility criteria for the youth programs should be standardized. Repeatedly, the witnesses cited the problems and inefficiencies that resulted from existence of several eligibility criteria based on family income, applicant age and school enrollment status. (See Annex C.)

In brief, the witnesses argued for a broad, standardized set of federal eligibility criteria that allowed the maximum amount of flexibility and discretion to the program operators.

C. The Effectiveness of Programs

The witnesses were largely agreed that no one approach had proven universally effective in reducing youth labor market problems. As there was a multiplicity of causes, the witnesses saw the need for a diverse range of services; and they argued that the decisions on types and mix were appropriately made at the local level. Recognizing the need for diversity, the witnesses argued strongly against federally devised, categorical approaches. It is to be noted, however, that several witnesses (particularly representatives of community organizations) recommended that the legislation emphasize the need to use service deliverers that would extend the delivery of services into the communities where the target population resided.

In the opinion of many witnesses from various backgrounds (including education) several approaches based in the educational system, if generally adopted, would improve the experience of youth in the labor market. Career education and exploration, and increased information on the labor market while still enrolled in school, were suggested as education-based approaches that would lead to an easier transition into the labor market by the school leaver.

There was agreement among the witnesses that the role of the private sector must be increased, if significant progress in the youth area is to be made. Many witnesses suggested that personnel officers should visit the schools (perhaps be stationed there) to explain to the students the requirements of the world of work, and what they should expect. There was repeated support for authorization to subsidize wages in the private sector, something not permitted by current policies. Support was expressed for the efforts of community development corporations, both as job creators and trainers for youth. Councils linking work and education were reported to be effective in involving the private sector in program design and implementation.

In discussing the role of the private sector, several witnesses stressed that organized labor was in a position to make a unique contribution. It was suggested that members (including retired members) could serve as advisors and informal counsellors in the schools. It was also noted that early involvement of organized labor in the planning of programs could improve the linkage between the schools, employment and training programs, and the private sector. This, in turn, would improve the training and transition of youth into the world of work.

Many of the witnesses suggested that, in addition to increased career education and labor market information, the in-school youth require preliminary work experience and general skills training. With respect to work experience, many witnesses view this primarily as a means of improving youth's understanding of the world of work, and as a means of improving the attitudes of some youth. The youth actually enrolled in the work experience programs valued it primarily for the money it provided them. Experience based career education was also cited as an effective means of increasing the employability and employment of youth.

Several witnesses suggested that the summer youth program be folded into the year-round youth efforts. They felt that, as presently designed, it was not linked with general education programs, nor with employment and training programs; therefore, it was less effective than it might otherwise be.

It was the opinion of the witnesses that out-of-school youth were particularly difficult to serve. There was a consensus that there had been little success in inducing youth to return to the regular secondary schools. However, several witnesses reported success with alternative schools, particularly where funds permitted low teacher-pupil ratios. The primary elements in a successful alternative school seemed to be that the instruction was work related,schedules were flexible and the youth had an opportunity to obtain a full-time job. This latter characteristic is particularly important for those youth who are family heads and who also require additional supportive services (e.g., day care facilities). Several witnesses testified that, where funds had been unavailable for developing alternative schools, they had substantial success in enrolling out-of-school youth in community and junior colleges.

Many witnesses noted that work experience for youth was most effective when the youth were involved in the production of a tangible product, under conditions that simulated unsubsidized, private employment. This was reinforced by several of the site visits that the Task Force made. In each case, the key to successful program outcomes appeared to be strict standards of attendance and work quality, enforced by close supervision.

Training was judged by many of the witnesses to be successful in improving the employment opportunities available to youth. However, they stressed that the training should be general, preparing the youth for a relatively broad occupation, with more specific skill development being done on the job.

In discussing program effectiveness, several witnesses noted the importance of transportation in providing services to youth. Witnesses discussing the situation in rural areas most frequently mentioned transportation as a concern. They noted that difficulties in transporting individuals to and from training and work experience sites sometimes prevented serving individuals located in particularly remote areas.Witnesses discussing urban programs noted that the lack of transportation to the suburbs often denied youth access to a vast majority of private sector employment opportunities. The witnesses mentioned that attempts to overcome the transportation barrier are extremely expensive, often prohibitively so.

In summary, the witnesses suggested that many different services could be and had been successful. However, they saw a need to vary what was offered based on the needs of the population being served.

D. The Delivery System

In discussing the delivery system, witnesses were in agreement on three general topics: simplification, consistency, and advance funding.

The recommendation heard most often was to fold all of the youth programs authorized under the Comprehensive Employment and Training Act (CETA) into one authority. It was agreed that simplifying the delivery system by such a combination would improve local planning and decisionmaking. The witnesses repeatedly stressed that the current fragmentation reduced program efficiency, confused applicants, and resulted in unnecessary overlaps.

According to the witnesses, continual changes in national policies were disruptive of program planning and delivery at the local level. There was unanimous agreement among the witnesses that a federal youth employment policy should be developed, legislation enacted, regulations promulgated and then left in place for several years. Only then would the programs be able to reach their maximum effectiveness. Many witnesses noted that frequent policy shifts resulted in the abandonment of approaches after the costs of start-up had been incurred, but before the real returns could be reaped. (See Annex C.)

Strong support was given to the concept of multiple-year funding for the youth employment programs. The witnesses noted that, by knowing in advance the amount of funding that would be available over several years, they would be able to develop the institutional capacity to provide youth most in need with the intensive services that they required. With multiple year funding, the operators would be able to obtain facilities and staff and develop comprehensive delivery systems. Finally, advanced funding would improve the conditions for coordinating the several systems that are directly involved in serving youth.

Many of the witnesses discussed their experience with the funds administered under agreements between prime sponsors and local educational agencies (section 433(d) of CETA mandates that at least 22% of the Youth Employment and Training Program funds be covered by such agreements). The purpose of the set-aside is to encourage closer links between the education and employment and training programs. Generally, the presentors gave the impression that the set-aside funds had, at a minimum, increased contact and communication between the two systems. It was generally agreed that the agreements had been effective in increasing educators' awareness of the importance of employability development and the role of the schools in fostering it. Some witnesses felt that the agreements had increased the sensitivity of educators to the needs of youth who were not going on to college, though they felt much more needed to be done for these youth.

The role of the federal agencies (particularly DOL and HEW) in the delivery system was the subject of many witnesses' attention. There was general agreement that these agencies should be more active in identifying and distributing information on approaches that were especially effective (or ineffective). Many of the witnesses felt that the federal agencies had been remiss in their role as providers of technical assistance and training. There were numerous complaints from witnesses that the federal agencies devoted almost singular attention to assuring administrative compliance and virtually no energy to improving the substance of program services.

Several witnesses saw a role for the federal agencies in reducing program fragmentation and increasing coordination (at all levels of government). Given the multiplicity of program objectives that education and employment and training programs seek to achieve, the witnesses saw a need to streamline federal regulations wherever possible and to increase the flexibility of local operators so that they can respond to local conditions.

E. Program Performance Measurement

There was general agreement among witnesses that assessment of the performance of youth programs is a complicated matter and that it would not be accomplished through the development of a few single factors. While stressing their disagreement with simple performance standards (e.g., cost per placement), they recognized the need to develop measures that would enable policymakers and program administrators to judge program effectiveness.

The witnesses generally agreed that individual program operators should be held accountable for specific performance standards such as total number of enrollments, numbers served, etc. However, performance assessment is complicated at the level of delivery by factors beyond control of the operator (e.g., the state of the general labor market).

It was the opinion of some witnesses that prime sponsors could also be measured, at least in the short run, based on their grant agreements with the DOL, as well as on process measures such as evidence of cooperation between the CETA deliverers and local education agencies, union and employer involvement, etc. However, most witnesses were reluctant to suggest particular standards which would serve as a measure of program "success."

It was recommended by several people that the surveys of the participants, during and subsequent to their participation, would provide further information on program effects, particularly with respect to the effects on motivation and attitudes of participants.

Additionally, some witnesses suggested that program reviews should focus on whether the programs achieved changes in some key institutions (e.g., educational) that would benefit youth entering the labor market. It was suggested that attention should be given to questions concerning whether employment and training programs had led the schools, employers, and others to alter their behavior with respect to the employability and employment of youth.

The witnesses said that measures of longer-term program impact are most difficult to measure locally. They suggested the development of a set of short-term, qualitative measures that would assess the participants' mastery of basic skills and competencies, understanding of the labor market, etc. These measures would vary with the program objectives. It was also suggested that a second set of measures (based on national longitudinal data) could be used to assess long-term program impacts on participants' employment and earnings. The witnesses recommended that the longitudinal data set should be developed and maintained by the DOL.

In discussing performance measures, many of the witnesses urged caution in interpretation of the data. They pointed to the multiple, sometimes conflicting, program objectives. They noted that there were substantial variations in the target populations among different areas. They repeatedly stressed that the effects of youth programs might not become apparent for several years. Finally, they reminded the Task Force that current evaluation methodologies had yet to reach a stage of sophistication that permitted unambiguous interpretation of the results.

In sum, the witnesses recognized the need for improved performance measures and assessments based on them; however, they stressed the complexities involved in developing and interpreting such data.

III. Recommendations

Over the eight days of hearings, the Task Force was presented with numerous recommendations for future youth employment policy directions. The following is a summary of those on which there appeared to be fairly wide agreement, though it is noted that few would receive a unanimous endorsement from the more than 100 witnesses.

A. Program Objectives

Recognizing the different problems that youth encounter in their movement into the labor market and in full awareness of the multiplicity of causes, the witnesses stressed that employment and training programs cannot be expected to counter all of these factors. They suggested that a youth employment policy will have to rely on several institutions, in both the public and private sectors. They also stressed that change, to both institutions and individuals, comes slowly and that it is unrealistic to expect dramatic results in any short period of time.

Having stressed that changes in policies and goals have plagued youth employment and training programs over the years, the witnesses suggested that the basic objective of these programs should be the development of the long-term employability of youth so as to enhance their future employment and earnings. The witnesses stressed that this is not necessarily accomplished by programs that only put youth in jobs or provide them incomes.

B. Program Design and Delivery

In enacting and implementing a youth employment policy, the witnesses reported it was important that several factors be present: agreement among policymakers, program administrators and participants on what is to be accomplished; adequate time to plan and implement the programs; policy consistency and advance, multi-year funding; sufficient local flexibility to respond to widely varying conditions; dedicated and competent staff; interagency coordination at the several levels of government; and the active involvement of the private sector.

To effect those general principles, they recommended:

- Enactment of a consolidated youth employment and training program.
- Standardized eligibility criteria with an income limit not less than 100% of the lower living standard income level; an age range of 14-22 years of age; and provisions for exceptions, where the local operators deemed it necessary.
- Requiring employability development plans for all participants, as a means of assuring achievement of the program's broader goals.
- Authority to subsidize private sector work experience.
- Expanding cooperative education and encouraging its use for the employment and training of eligible youth.
- Expanding the eligibility for the Targeted Jobs Tax Credit to cover all employment and training of eligible youth, and marketing it aggressively.
- Continued emphasis on the need for cooperation among education and employment and training programs; however, increased legislative requirements were viewed by many as potentially counterproductive.
- Increasing the involvement of private sector employers and unions in planning and evaluating programs, including full funding of the Private Sector Initiatives Program authorized by Title VII of CETA.

Finally, virtually all of the witnesses recognized that the education system was the primary institution in a youth's employability development. The witnesses also stressed that, since schools are financed mostly by states and localities, much of the impetus for change would have to come from those levels. They did note several areas in which they thought increased emphasis or change was necessary, including:

- Creation of more educational options, including alternative schools.
- Increasing the availability of compensatory education programs.
- Increasing the flexibility of the schools in terms of scheduling, open entry/open exit, etc.
- Expanding the amount of labor market information available to students while they are still in school; expanding career education and programs to develop the individual's job seeking skills.
- Encouraging expanded community and employer involvement in schools.

In brief, the witnesses suggested numerous changes that could be made in current labor market and education policies, programs and institutions. They did not pretend that any one, or all of them cumulatively, would be the solution to the youth labor market problems that currently exist. Instead, they recommended changes that would contribute to a significant improvement in the experience of youth in the labor market.

Annex A

Hearings Information:
Dates, Location and Task Force Members Attending

Dates	Location	Commission Panelists
May 10-11, 1979	Detroit, Michigan	John Porter, Task Force Chairman Tim Barrow Roy Escarcega Eli Ginzberg, Commission Chairman Isabel Sawhill
May 24-25, 1979	Memphis, Tennesssee	John Porter, Task Force Chairman Tim Barrow Roy Escarcega Eli Ginzberg, Commission Chairman Patrick O'Keefe
June 14-15, 1979	Los Angeles, California	John Porter, Task Force Chairman Tim Barrow Roy Escarcega Irv Greenberg Isabel Sawhill
June 28-29, 1979	Philadelphia, Pennsylvania	John Porter, Task Force Chairman Tim Barrow Roy Escarcega Patrick O'Keefe

Annex B

Topics for Witnesses' Consideration

The purpose of the Commission's hearings was to focus on the issue of youth employment policy for the 1980's. The Commission expressed interest in the perspectives and recommendations of persons directly involved in the education, training and employment of youth at the local and state level and asked them to address the following five topics:

1. What are the causes of the high levels of youth unemployment? What factors cause young people, particularly minority youth, problems in the labor market?
2. Among the youth population, who is in need of services and how should the services be targeted?
3. What works best for whom? Which educational, employment and training initiatives have been successful? Which have failed?
4. What kind of delivery system is necessary in order to provide the services and accomplish the youth employment policy goals and objectives? Are the present intergovernmental and institutional arrangements adequate, in need of redefinition, or will new institutions and delivery systems be necessary to respond to the educational and employment needs of youth?
5. How should program performance be measured? What are the best short-run measures? What are the long-term performance standards that can be applied to youth employment programs?

Annex C

Federal Barriers to Effective Youth Employment Programs

I. Introduction

Witnesses at the Youth Task Force hearings identified what they believe to be serious barriers to conducting effective youth programs. These barriers result from provisions of the Comprehensive Employment and Training Act, its implementing regulations, and methods of administering current youth programs at the federal level. This paper reviews this testimony.

Many of the more than 100 witnesses who appeared had strong feelings and opinions about the impact of the legislation, regulations, and the Department of Labor's method of program administration. By and large those expressing opinions on the subject were representatives of CETA prime sponsors—those with general responsibility for the administration of youth programs at the local level.

The following themes emerged from the testimony:

—**Lack of Flexibility.** The categorical nature of current youth programs needlessly hampers prime sponsors' flexibility to design and conduct the kind of comprehensive programs that are needed at the local level.

—**Eligibility Standards.** Eligibility criteria vary among the several youth programs and this makes it difficult for local program managers to devise services that meet the needs of individual youth.

—**Planning.** Planning for youth and other employment and training programs is rendered ineffective as a result of insufficient planning time and late announcements of planning estimates and fund allocations.

—**Reporting Requirements.** Reporting requirements of the programs take a heavy toll in terms of both staff and financial resources.

—**Program Stability.** There has been a lack of stability in youth and other employment and training programs. "We are so busy trying new things that we never do anything right."

Each of these themes is reviewed below.

II. Lack of Flexibility

The issues of the lack of program flexibility and the lack of comprehensiveness arose in both a general context and in the specific context of the Summer Youth Program.

A. General Comments

The Deputy Mayor of Los Angeles said, "...legislative constraints and adminstrative regulations hinder program flexibiity...you are trying, I think, at the legislative level, in Congress, to prescribe a national tonic for each and every local ill. And it has not worked in most programs. I do not believe that it works in the manpower programs." (Los Angeles hearing, June 14, 1979.)

The Director of the Rural Minnesota Concentrated Employment Program advanced the same idea somewhat differently:

"The time has come to stop experimenting; the prime sponsors at this point know which programs work best for them. They are now ready to design effective programs for their specific localities.

"As an example, some prime sponsors might find that YCCIP is an effective program for their clients; others might choose to eliminate it from their program because it does not serve the needs of youth in their area. Under the present system, all prime sponsors must plan and implement a YCCIP program in order to be allocated funds needed for their youth population." (Detroit hearing, May 10, 1979.)

Other witnesses pointed to difficulties arising from the rigidities of program requirements. The Director of the Washoe County, Nevada, prime sponsor (Los Angeles hearing, June 15, 1979) pointed to the desire of her staff and advisory board to be able to move young people between the YETP and the summer youth program and the difficulty of doing so in the present system. Similarly, a representative of the Allegheny County, Pennsylvania, prime sponsor (Philadelphia hearing, June 29, 1979) discussed the inability of her staff to provide needed services, such as preparation for the GED test, to young people enrolled in YCCIP.

Both the Deputy Mayor of Los Angeles and the former president of the Michigan Manpower Directors' Association—one representing a large city and the other, groups of rural CETA directors—cited problems arising from an attempt to devise and carry out on a local basis programs that are based on national standards, criteria, and priorities. Problems are conceived and their solutions devised in macro terms. The program solutions must be executed at the local (micro) level. There is a need for federal officials to take into account the wide variety of local conditions that exist.

B. Comments on SYEP

Several of the witnesses commented on the inefficiencies resulting from the manner in which the Summer Youth Employment Program is administered. Some of the most pointed comments came from the Chair of the Youth Committee of the Indiana Office of Occupational Development. She said the SYEP fails because of:

—the short enrollment period;
—inadequate targeting because of quick-start enrollment;
—lack of continuity before and after the summer program;
—continual hiring of new staff; and
—the difficulty of finding work sites. (Detroit hearing, May 10, 1979.)

Other witnesses echoed the sentiments of the witness from Indiana about SYEP. As to the outcomes of SYEP, a member of the Los Angeles prime sponsor's youth staff said, "I think it introduces kids to the world of work, gives them some idea of what working is. But I also feel that an eight or nine week program with 200 or 225 hours is not in itself going to change the lives of a lot of these kids."

She went on, "I am not sure that a short summer program is the answer to the needs of these youngsters who really do not know how to find a job, how to keep a job. So it isn't a very firm answer, but...I think maybe the longer programs...would be more valuable to the youth and to the country." (Los Angeles hearing, June 14, 1979.)

III. Eligibility Standards

A number of the witnesses said they felt they were unable to do a good job for young people because of the lack of uniform eligibility criteria among the categorical youth programs.

These comments were perhaps best encapsulated in the testimony of the Administrator of the Baltimore Manpower Consortium:

> I ask any of you to envision yourself as an intake worker trying to decide which strategy you would feel is more appropriate for youth. We have some that require no income eligibility; we have some that require an income criteria of 70% of the low income . . . standard; we have others that require 85%; we have others that require 100%. It is a zoo, to put it mildly, in terms of trying to think that we are trying to meet the specific needs of kids. (Philadelphia hearing, June 29.)

The Director of the Minnesota Rural CEP made the same point this way:

> Prime sponsors should not be forced to fit clients to programs; rather they should do what they are authorized to do: develop programs to fit clients' needs.

IV. Planning

Planning for youth programs and CETA programs generally was a matter that was discussed by several of the witnesses. Their comments went to the content of planning and to the short-term, quick turn around requirements that had been experienced with the youth programs. Although it does not show in the record, some witnesses scheduled for the Philadelphia hearing (June 28-29) cancelled out at the last minute because of a change in departmental requirements for submittal of youth programs plan for fiscal year 1980.

The Director of the Broward County (Florida) Employment and Training Administration in written testimony prepared for the Memphis hearing described the 1978 planning process as follows:

> For Fiscal Year 1978, final YETP and YCCIP regulations were not published until September 16, 1977; (proposals for) grants were due in the Office of the Regional Administrator, Region IV, on November 16, 1977. In the interim, the following basic tasks had to be completed:
>
> (1) Legal advertising of the availability of funds.

> (2) CBO's and other relevant training organizations were to be solicited for participation in YEDPA.
> (3) CBO's were to respond via proposal for the opportunity to deliver parts of YEDPA.
> (4) The Youth Planning Council (YPC) was to meet to establish procedures for recommendations on YETP, YCCIP.
> (5) The YPC was to meet to review and rate CBO proposals.
> (6) Prime sponsor staff needed to coordinate all CBO proposals into cohesive YETP and YCCIP grant applications from the prime sponsor.
> (7) CBO and local labor organizations were to be given 15 days to comment on the youth plan.
>
> Needless to say, to meet all requirements in the appropriate time frame necessitated an abbreviated program planning and development process and likely resulted in lower quality programs than would ordinarily result given adequate time to plan a quality program, especially one which is not a continuation of an existing program. In fact, to complicate matters, the YETP planning grant to support the preparation of the grant application was not officially allocated until October 14, 1977, much too late to be used for hiring new staff to prepare the grant.

Other witnesses discussed the same kinds of problems. The Director of the San Francisco prime sponsorship pointed to the quick turn around times required for some projects. She noted an invitation to apply for youth exemplary projects that had a 17-day turn around and, not to single out just youth programs, she mentioned an invitation to apply for an exemplary project for exoffenders that had a 12-day turn around time. Further she said:

> We do have...the internal problem of last-minute proposals, short term allocations, late guidelines, and last minute funding. We are not doing a good job. (Los Angeles hearing, June 15, 1979.)

The Director of the Atlanta prime sponsorship questioned whether any serious planning had taken place in the manpower field for the last four or five years. He said, "...a key to improving youth programs is planning time." (Memphis hearing, May 22, 1979.)

V. Reporting Requirements

Concerns about the reporting requirements were expressed in terms of the general requirements for reporting on federally-supported employment and training programs and in terms of specific requirements arising from the categorical youth programs.

The Los Angeles Deputy Mayor in a comment that was underscored by the Director of the Los Angeles County prime sponsorship expressed concern about the costs of submitting the reports required by the Department. The Deputy Mayor estimated—based on experience with other federal programs—that some 25 percent of staff resources are eaten up in meeting various kinds of reporting requirements. He suggests that this will eat into resources that could be put into training or into jobs.

The Baltimore Administrator said that with the entitlement project her office had to submit 25 reports quarterly just for youth programs. "We are spending more time in process now than we are in developing a useful project."

VI. Program Stability

The idea that more program constancy is needed was an undertone that ran through the entire set of hearings and is one that was heard by staff in its site visits. There was more explicit discussion of this feeling at the Memphis hearing than at any of the others.

Representatives of the Indiana Office of Occupational Development said that there is a need to work on improving the existing system; don't start new ones and reinvent the wheel. (Memphis hearing, May 25.)

Atlanta's CETA Director suggested that "We are so busy trying new things that we never do anything right. The history of employment and training programs for youth is not good; so say some. We have not stayed on course long enough to find out. We keep changing and cutting funds at political whims."

The Director of the Gulf Coast Consortium (Texas) said, "In regard to CETA programs what we don't need is more change, but instead, we need more stability and continuity." (Memphis hearing, May 25.)

VII. Policy Implications

Most of the witnesses, including those who called for more program continuity, felt that the youth programs are too categorized. They called for legislation:

- —Putting the summer program into a year-round mode so that it could be included in regular program planning and not handled on a crash basis.
- —Eliminating the categorical youth programs such as YCCIP and SYEP and providing the funds on a consolidated decentralized basis. Witnesses seemed to be more or less evenly divided in whether this should be done by establishing a youth title or whether the funds should be allocated under Title II-B, the structural program provided for both youth and adults under CETA.
- —Providing multi-year funding for the programs so that planning could be carried out on a more rational basis.
- —Rationalizing the eligibility standards among the several programs which would facilitate improved planning and execution of programs.
- —Appropriating funds for youth and other employment and training programs on a timely basis and publishing regulations and planning estimates early enough to permit planning to occur.

Appendix IV

Commission Staff, 1979

The Commission's staff was supplemented during this year by people detailed from other federal agencies, community-based organizations, and academia, and by consultants and other temporary employees.

During 1979, the permanent staff members included:

- Isabel V. Sawhill, Director
- Patrick J. O'Keefe, Deputy Director*
- Ralph E. Smith, Deputy Director*
- Robert Ainsworth, Staff Associate
- Everett Crawford, Staff Associate
- Carol L. Jusenius, Staff Associate
- Andra Rebar, Administrative Officer
- Sara W. Hayes, Executive Assistant
- Laura von Behren, Executive Assistant
- Barbara Burns, Secretary
- Margaret Corsey, Secretary
- Deloris Norris, Secretary

The staff detailed to the Commission during this year were:

- Patricia D. Brenner, Grinnell College, Staff Associate
- David Lantry, Seattle Urban League, Staff Associate
- Barbara Levin, Department of Health, Education and Welfare, Office of Education, Staff Associate
- Raymond Reisler, Department of Health, Education and Welfare, Office of Education, Staff Associate
- Wendy Wolf, University of Arizona, Staff Associate

---

*O'Keefe resigned in October and was replaced by Smith.

Consultants and temporary personnel included:

- Robert Behlow, Consultant
- Kathy Bruns, Student Intern
- Deborah Hackett, Secretary
- Patricia Hogue, Consultant
- Diane Reynolds, Secretary
- Betty Stemley, Research Assistant
- Janet Walker, Research Assistant

Appendix V

Comments of the National Advisory Council on Vocational Education on the Reports of the National Commission for Employment Policy, and Comments of the National Commission for Employment Policy on the Reports of the National Advisory Council on Vocational Education

The Education Amendments of 1976 (P.L. 94-482) and the Comprehensive Employment and Training Act Amendments of 1978 (P.L. 95-524) require that the National Advisory Council on Vocational Education (Council) and the National Commission for Employment Policy (Commission) each comment, at least once annually, on the reports issued by the other body. These comments are to be published in one of the reports of both the Council and the Commission.

During 1979, the Council issued two reports:

- *A Study of the Administration, Operation, and Program Services of Vocational-Technical Education, The Bureau of Occupational and Adult Education, U.S. Office of Education;* and
- *OVERVIEW: 1978 Reports of the State Advisory Councils on Vocational Education*

During the same period, the Commission issued two policy reports:

- *Fourth Annual Report to the President and the Congress: An Enlarged Role for the Private Sector in Federal Employment and Training Programs;* and
- *Expanding Employment Opportunities for Disadvantaged Youth* (Recommendations of Commission's *Fifth Annual Report*, released prior to report's publication.)

The comments of the Council and Commission follow.

A. Comments of the National Advisory Council on Vocational Education on the Reports of the National Commission for Employment Policy

The National Advisory Council on Vocational Education is required to comment annually on the reports of the National Commission for Employment Policy, under provisions of the Education Amendments of 1976 (P.L. 94-482, Title II).

The following comments concern the Commission's Fourth Annual Report, entitled *An Enlarged Role for the Private Sector in Federal Employment and Training Programs* (December 1978), and the Commission's recommendations on youth employment policies.

In its Fourth Annual Report, the Commission has provided thoughtful consideration of the role of the private sector in dealing with problems of the unemployed, and a number of useful recommendations. One of the major goals of CETA, which is too often ignored by prime sponsors, is to prepare individuals for transition to unsubsidized jobs in the public and private sector. Since the majority of jobs are in the private sector, it is imperative that the private sector be fully involved in the planning and implementation of education and training programs.

The National Advisory Council on Vocational Education, in testimony before Congress on youth employment legislation and the reauthorization of CETA, and in other forums, has strongly urged that private sector participation in these programs be expanded. It particularly endorsed the concepts contained in Title VII of CETA, and the Targeted Jobs Tax Credit. The various recommendations of the Commission are consistent with positions of the Council as expressed in prior testimony.

The Council believes that programs for the structurally unemployed should be designed as a developmental process which will provide job counselling and placement as well as employability skills. The process should utilize a variety of approaches, including basic remedial education, adult education, vocational education in different settings at the secondary and postsecondary levels, alternative schools, cooperative education programs, on-the-job training, other work experience programs, and combinations of the above. Work experience alone, and other "quick fix" approaches under CETA, have given participants few, if any, long-term benefits which enhance their employability beyond their enrollment period.

The idea of work-sharing in lieu of lay-offs (recommendation #2), coupled with unemployment insurance benefits, should be further explored. This approach should be expanded, however, to include vocational training and upgrading. Periods of joblessness, or part-time work, offer the opportunity to improve employability and job skills. Work-sharing should not be approached on the unfounded assumption that the jobs being cut back will, as a matter of course, be fully restored when the economy improves. Many workers in such circumstances will not be reinstated to their original jobs, and should use the period of work-sharing to prepare for alternatives. The National Advisory Council would encourage the Commission to pursue this concept, and would welcome the opportunity to work with it in investigating the practicality of linking work-sharing with programs for retaining and upgrading of skills.

The Council strongly endorses the recommendations to fund Private Industry Councils (PIC's) and extend the data for reporting to the Congress on their activities. As the PIC's are still in the formative stages in many prime sponsor areas, there is not sufficient information at this time to make valid assessments of their programs and potential.

The Commission in discussing the role of Private Industry Councils, has primarily emphasized the need to expand on-the-job training. This is, of course, an area in which PIC's could have considerable impact. The Council believes that the potential role of the PIC's is far greater, and urges that they give close attention to their mandate under Sec. 705(a), subparagraphs—

(1) coordinating programs of jobs and training and education enabling individuals to work for a private employer while attending an education or training program;

(3) developing relationships between employment and training programs, educational institutions, and the private sector;

(5) conducting innovative cooperative education programs for youth in secondary and postsecondary schools designed to coordinate educational programs with work in the private sector.

(7) coordinating programs under this title with other job development, placement, and employment and training activities carried out by public and private agencies.

Private Industry Councils are in an excellent position, if they accept the responsibility, to broker the involvement of all members of the community. We must use all facilities and resources available to develop the employability skills of the structurally unemployed. Vocational education, general education, community-based organizations, and other service deliverers are more likely to respond to the need for institutional changes and the development of new partnerships when initiated by an interested third party. The PIC's should be a good judge of what is needed to develop the skills required for transition to unsubsidized jobs, and of the ability of various service deliverers to meet those needs. Once established and in operation, the PIC's could prove to be the long-sought but elusive agents of coordination and change at the local level.

The Commission's recommendations on youth employment policies—*Expanding Employment Opportunities for Disadvantaged Youth*—should be given serious consideration in the development of new youth employment legislation. The Council's representative to the Commission was a member of the Youth Task Force which helped to develop the report and recommendations. The recommendations deal with the concerns which have been addressed by the Council, especially the need for a new commitment by agencies at the local level, targeting on youth most in need, improving long-term employability, providing basic educational skills through compensatory programs, and focusing on the special problems of minorities and women.

The recent appointment by the President of a member of the Commission to the Council, as required by statute, has provided cross-representation in both directions between the Council and the Commission. This has greatly enhanced the interaction between the two bodies and should lead to a closer working relationship in the future.

B. Comments of the National Commission for Employment Policy on the Reports of the National Advisory Council on Vocational Education

Under provisions of the Comprehensive Employment and Training Act Amendments of 1978 (P.L. 95-524, Title V) the National Commission for Employment Policy is required to comment annually on the reports of the National Advisory Council on Vocational Education.

Two reports have been issued by the Council since the Commission issued its last annual report. They are: *A Study of the Administration, Operation, and Program Services of Vocational-Technical Education, The Bureau of Occupational and Adult Education (BOAE), U.S. Office of Education*, December 1978, and *OVERVIEW: 1978 Reports of the State Advisory Councils on Vocational Education*, October 1979. The Commission has reviewed these reports.

BOAE Study

The report on the Bureau of Occupational and Adult Education is the final product of a congressionally-mandated study that was completed over a two-year period. As indicated in the report, "the focus of the Council's study was to identify and categorize the problems in the Bureau which interfered with the administration and operation of programmatic services." The report gives findings and conclusions in nine areas: (1) national commitment, (2) mission statement, (3) organizational structure, (4) staffing, (5) operational planning system, (6) internal and external communication and cooperation, (7) technical assistance and leadership, (8) personnel development, and (9) functional activities. It makes 17 specific recommendations.

The study of the Bureau is largely a management study—one that seeks to identify means of improving agency operations. The Commission has not engaged in studies of this nature and it is not in a position to make substantive comments on the recommendations for administrative and management improvements that are made in the report. The Commission does, however, concur in and support those recommendations that are designed to improve coordination between vocational education and the employment and training system.

Although the Commission cannot make specific comments on the recommendations made in the BOAE study, it recognizes the importance of the issues identified and the widespread concern about the administration of vocational education that has existed in congressional circles. The Commission recommends that the Council's report and any progress toward implementation of its recommendations be called to the attention of the Secretary of the new Department of Education.

Summary of SACVE Reports

The State Advisory Councils on Vocational Education (SACVE's) are required to submit copies of their annual evaluation reports to the National Council and to the Office of Education. The Council prepares and publishes annually an analysis and summary of the state reports—the *Overview* reports. The reports are designed to fulfill certain internal needs of the Council and to serve as a means of disseminating information about the activities of the state councils.

The Commission believes that these *Overview* reports provide a useful information exchange and that they serve as a helpful form of technical assistance from the Council to the SACVE's.

Other Comments

The Commission notes that the Congress over the past two decades has demonstrated a growing concern with employability and employment problems of young people who are encountering difficulties in negotiating the school system and adults who face difficulties in the world of work. Traditionally, such persons have not been a major concern of vocational education. The Commission urges the Council to consider ways in which the federal resources going into vocational education can be targeted more specifically to those persons who are experiencing such employability and employment problems and ways in which federal influence and leadership can help to bring greater targeting of vocational education funds that are raised through state and local tax efforts.

Vocational education can be a preparatory step to the world of work. It is important therefore for business and education to form a collaborative partnership to mutually enhance the role that each can play in the life and development of students who seek employment. The curriculum in vocational education should be designed to teach and develop marketable skills. Restructuring vocational education so as to ensure that it is competency based is an essential step in the education process. The Commission recommends that the Council explore and develop ways in which such collaboration between business and education can be promoted, and revisions in vocational education curricula can be designed and implemented.

The Commission also recommends that the Council initiate studies to determine whether the vocational education system can be used as an alternative system for assisting and motivating students having difficulties in traditional academic settings to acquire basic skills. Finally, the Commission recommends that the Council explore ways of facilitating attendance at postsecondary vocational institutions by out-of-school youth and young adults who need to develop basic and/or occupational skills.

Special Reports of the National Commission for Employment Policy

- *Proceedings of a Conference on Pubic Service Employment,* Special Report No. 1., May 1975 (NTIS Accession No.: PB 291135)
- *Manpower Program Coordination,* Special Report No. 2, October 1975 (NTIS Accession No.: PB 291217)
- *Recent European Manpower Policy Initiatives,* Special Report No. 3, November 1975 (NTIS Accession No.: PB 291242)
- *Proceedings of a Conference on the Role of the Business Sector in Manpower Policy,* Special Report No. 4, November 1975 (NTIS Accession No.: PB 291281)
- *Proceedings of a Conference on Employment Problems of Low Income Groups,* Special Report No. 5, February 1976 (NTIS Accession No.: PB 291212)
- *Proceedings of a Conference on Labor's Views on Manpower Policy,* Special Report No. 6, February 1976 (NTIS Accession No.: PB 291213)
- *Current Issues in the Relationship Between Manpower Policy and Research,* Special Report No. 7, March 1976 (NTIS Accession No.: PB 291295)
- *The Quest for a National Manpower Policy Framework,* Special Report No. 8, April 1976 (NTIS Accession No.: PB 291275)
- *The Economic Position of Black Americans: 1976,* Special Report No. 9, July 1976 (NTIS Accession No.: PB 291282)
- *Reexamining European Manpower Policies,* Special Report No. 10, August 1976 (NTIS Accession No.: PB 291216)
- *Employment Impacts of Health Policy Developments,* Special Report No. 11, October 1976 (NTIS Accession No.: HRP 0019007)
- *Demographic Trends and Full Employment,* Special Report No. 12, December 1976 (NTIS Accession No.: PB 291214)
- *Directions for a National Manpower Policy: A Report on the Proceedings of Three Regional Conferences,* Special Report No. 13, December 1976 (NTIS Accession No.: PB 291194)
- *Directions for a National Manpower Policy: A Collection of Policy Papers Prepared for Three Regional Conferences,* Special Report No. 14, December 1976 (NTIS Accession No.: PB 291274)
- *Adjusting Hours to Increase Jobs: An Analysis of the Options,* Special Report No. 15, September 1977 (NTIS Accession No.: PB 296735)

- Reports listed above are available from:
  National Technical Information Service (NTIS)
  5285 Port Royal Road
  Springfield, Virginia 22151
  Use Accession Numbers when ordering.

- *Community Based Organizations in Manpower Program and Policy: A Conference Report,* Special Report No. 16, October 1977
  (NTIS Accession No.: PB 296954)
- *The Need to Disaggregate the Full Employment Goal,* Special Report No. 17, January 1978
  (NTIS Accession No.: PB 296728)
- *The Effects of Increases in Imports on Domestic Employment: A Clarification of Concepts,* Special Report No. 18, January 1978
  (NTIS Accession No.: PB 296826)
- *The Transformation of the Urban Economic Base,* Special Report No. 19, February 1978
  (NTIS Accession No.: PB 296833)
- *Manpower and Immigration Policies in the United States,* Special Report No. 20, February 1978
  (NTIS Accession No.: PB 294216)
- *Dual Aspect Jobs,* Special Report No. 21, March 1978
  (NTIS Accession No.: PB 296779)
- *Labor Market Intermediaries,* Special Report No. 22, March 1978
  (NTIS Accession No.: PB 290656)
- *CETA: An Analysis of the Issues,* Special Report No. 23, May 1978
  (NTIS Accession No.: PB 296641)
- *Discouraged Workers, Potential Workers, and National Employment Policy,* Special Report No. 24, June 1978
  (NTIS Accession No.: PB 296827)
- *Labor's Views on Employment Policies: A Conference Summary,* Special Report No. 25, June 1978
  (NTIS Accession No.: PB 296748)

---

* Reports listed above are available from:
National Technical Information Service (NTIS)
5285 Port Royal Road
Springfield, Virginia 22151
Use Accession Numbers when ordering.

- *Women's Changing Roles at Home and on the Job*, Special Report No. 26, September 1978
- *European Labor Market Policies*, Special Report No. 27, September 1978
- *Work Time and Employment*, Special Report No. 28, October 1978
- *Increasing Job Opportunities in the Private Sector*, Special Report No. 29, November 1978
- *Trade and Employment*, Special Report No. 30, November 1978
- *The Business Sector Role in Employment Policy*, Special Report No. 31, November 1978
- *Monitoring the Public Service Employment Program: The Second Round*, Special Report No. 32, March 1979
- *The Utilization of Older Workers*, Special Report No. 33, March 1979
- *Temporary Admission of Foreign Workers: Dimensions and Policies*, Special Report No. 34, March 1979
- *Tell Me About Your School*, Special Report No. 35, September 1979

- Reports listed above are available from the National Commission for Employment Policy at 1522 K Street, NW, Suite 300, Washington, D.C. 20005.

INTERIM AND ANNUAL REPORTS OF THE NATIONAL COMMISSION FOR EMPLOYMENT POLICY

* An Interim Report to the Congress of the National Commission for Manpower Policy: *The Challenge of Rising Unemployment*, Report No. 1, February 1975. (NTIS Accession No.: PB 291136)

* An Interim Report to the Congress of the National Commission for Manpower Policy: *Public Service Employment and Other Responses to Continuing Unemployment*, Report No. 2, June 1975. (NTIS Accession No.: PB 291280)

* First Annual Report to the President and the Congress of the National Commission for Manpower Policy: *Toward a National Manpower Policy*, Report No. 3, October 1975. (NTIS Accession No.: PB 291243)

* An Interim Report to the President and the Congress of the National Commission for Manpower Policy: *Addressing Continuing High Levels of Unemployment*, Report No. 4, April 1976. (NTIS Accession No.: PB 291292)

* Second Annual Report to the President and the Congress of the National Commission for Manpower Policy: *An Employment Strategy for the United States-Next Steps*, Report No. 5, December 1976. (NTIS Accession No.: PB 291215)

* An Interim Report to the Congress of the National Commission for Manpower Policy: *Job Creation Through Public Service Employment*, Report No. 6, March 1978. (NTIS Accession Nos.: PB 282538, PB 282539)

* Third Annual Report to the President and the Congress of the National Commission for Manpower Policy: *An Assessment of CETA*, Report No. 7, May 1978. (NTIS Accession No.: PB 296829)

• Fourth Annual Report to the President and the Congress of the National Commission for Manpower Policy: *An Enlarged Role for the Private Sector in Federal Employment and Training Programs*, Report No. 8, December 1978. (NTIS Accession No.: PB 296830)

• Fifth Annual Report to the President and the Congress of the National Commission for Employment Policy: *Expanding Employment Opportunities for Disadvantaged Youth*, Report No. 9, December 1979.

* Reports are available from National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22151. Use Accession Numbers when ordering.

• Reports listed above are available from the Commission at 1522 K Street, N.W., Washington, D.C. 20005.

☆ U.S. GOVERNMENT PRINTING OFFICE: 1980 O— 311-146/3985